TESTIMONY AND EXHIBITS

SUPREME COURT OF THE UNITED STATES.

No. 839.

UNITED STATES AND INTERSTATE COMMERCE COMMISSION, APPELLANTS,

LOUISIANA AND PACIFIC BAILWAY CO. ET AL.

No. 830.

ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY ET AL, APPELLANTS,

LOUISIANA AND PACIFIC RAILWAY CO. ET AL.

No. 831.

UNITED STATES AND INTERSTATE COMMERCE COMMISSION, APPELLANTS,

WOODWORTH AND LOUISIANA CENTRAL RAILWAY COMPANY ET AL

No. 832.

ATCHISON, TOPERA AND SANTA FE BAILWAY COMPANY ET AL, AI PELLANTS,

WOODWORTH AND LOUISIANA CENTRAL RAILWAY COMPANY ET AL.

No RES

UNITED STATES AND INTERSTATE COMMERCE COMMISSION, APPRILANTS,

MANSFIELD BAILWAY AND TRANSPORTATION COMPANY ET AL.

No. 834.

ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY BT AL., APPELLANTS,

MANSFIELD BAILWAY AND TRANSPORTATION COMPANY ET AL.

No. 835.

UNITED STATES AND INTERSTATE COMMERCE COMMISSION, APPELLANTS,

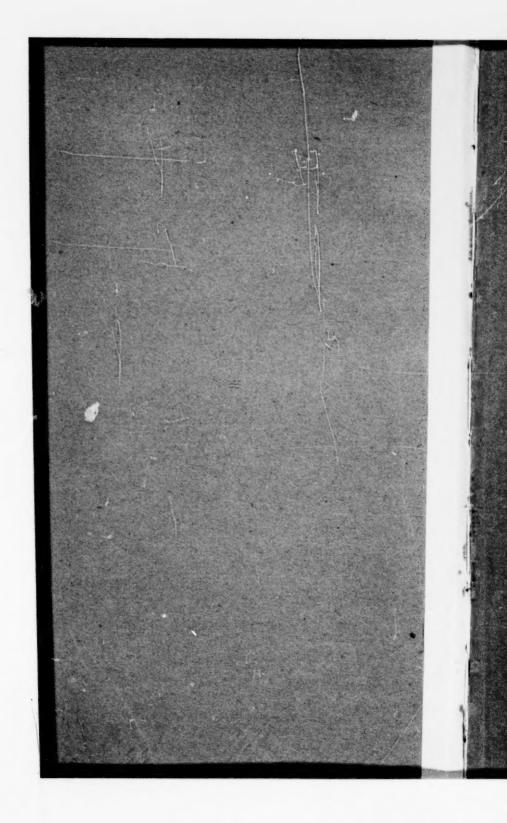
VICTORIA. FISHER AND WESTERN BAILROAD COMPANY ET AL.

Mo. 836.

ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY ET AL.,
APPELLANTS,

VICTORIA, FISHER AND WESTERN RAILBOAD COMPANY BY AL.

APPEALS FROM THE UNITED STATES COMMERCE COURT.



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THE UNIVERS STATES OF AMERICA STRAIL RESPONDENCE
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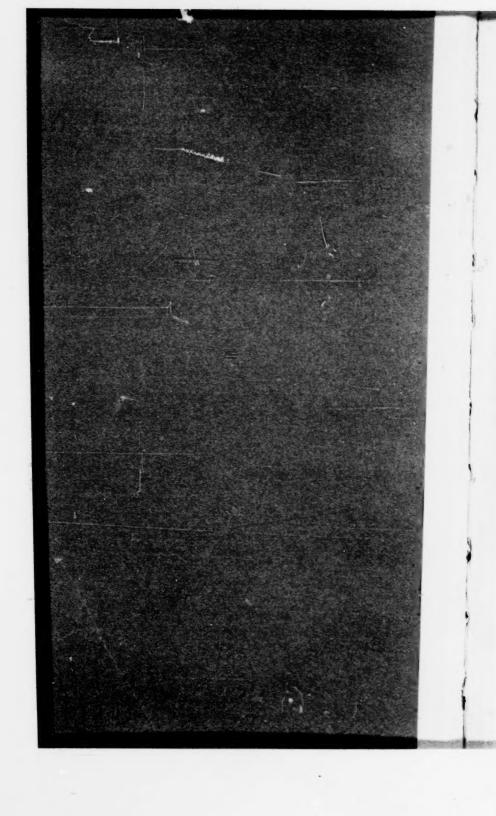
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United States Commerce Court.

No. 90.

LOUISIANA & PACIFIC RAILWAY COMPANY ET AL.
PETITIONERS.

vs.

THE UNITED STATES OF AMERICA ET AL., RESPONDENTS:
INTERSTATE COMMERCE COMMISSION ET AL. INTERVENERS.

No. 91.

WOODWORTH & LOUISIANA CENTRAL RAILWAY COMPANY, LIMITED, ET AL., PETITIONERS,

U8.

THE UNITED STATES OF AMERICA ET AL. RESCONDENTS: INTERSTATE COMMERCE COMMISSION ET AL. INTERVENERS.

No. 92.

MANSFIELD RAILWAY & TRANSPORTATION COMPANY ET AL., Petitioners,

28.

THE UNITED STATES OF AMERICA, RESPONDENT; INTER-STATE COMMERCE COMMISSION ET AL., INTERVENERS.

No. 93.

VICTORIA, FISHER & WESTERN RAILROAD COMPANY ET AL., Petitioners,

V8.

THE UNITED STATES OF AMERICA, RESPONDENT; INTER-STATE COMMERCE COMMISSION ET AL., INTERVENERS.

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BEFORE THE INTERSTATE COMMERCE COMMISSION.

Docket No. 11 (1. & S.).

In the Matter of the Investigation and Suspension of Schedules, Cancelling Through Rates, with Certain Tap Line Connections.

Docket No. 1319.

STAR GRAIN AND LUMBER COMPANY et al., Complainants, against

Atchison, Topeka & Santa Fe Railway Company et al., Defendants.

U. S. Post Office Building, New Orleans, La., December 8, 1910.

Met pursuant to notice at 10 00 A. M.

Examiner Burchmore: The Interstate Commerce Commission has assigned for hearing at this time and place, a number of cases known as the "tap line cases". In view of the large attendance of counsel, the hearing will be adjourned to the 12th floor of the Grunewald Hotel, at 10:45 A. M.

(Whereupon, the hearing was adjourned, to be resumed at 10:45 A. M. at the Hotel Grunewald, a notice to this effect having been duly posted on the bulletin board at the Federal Building.)

> Hotel Grunewald, New Orleans, La., December 8, 1910.

Met pursuant to adjournment at 10:45 A. M.

Before James S. Harlan, Commissioner, and John S. Burchmore, Special Examiner.

Appearances:

S. H. Cowan, Esq., (Fort Worth, Texas), and

Frank Andrews, Esq., (Houston, Texas), for the Miller Link Lumber Company, et al.

Messrs, Andrews, Ball & Streetman, (Houston, Texas), for Burrs Ferry, Browndell & Chester Railway Co.

R. G. Pleasant, Esq., (New Orleans, La.), for the Louisiana Railroad Commission.

William A. Glasgow, Esq., (Philadelphia, Pa.), for the Butler County Railway Company,

F. C. Dillard, Esq., (Chicago, Ill.) and

J. P. Blair, Esq., (New Orleans, La.), for Morgan's Louisiana & Texas Railroad & Steamship Company, and Louisiana Western Railroad Company.

F. C. Dillard, Esq., (Chicago, Ill.) and

H. M. Garwood, Esq., (Houston, Texas), for the Texas & New Orleans Railroad Company; Houston, East & West Texas Railway Company; Gulf, Harrisburg & San Antonio Railway Company; Washington & Choctaw Railway Company, and also, with

H. W. Seaman, Esq., (719 Rookery, Chicago, Ill.), for the Tremont & Gulf Railway Company, and the Groveton, Lufkin & North ern Railway Company.

Sidney F. Andrews, Esq., (538 Pierce Building, St. Louis, Mo.) for the Arkansas Eastern Railroad Company.

J. S. Hershey, Esq., (Chicago, Ill.).

J. J. Coleman, Esq., (Chicago, Ill.), and

James L. Coleman, Esq., (1011 Railway Exchange, Chicago, Ill.)

for the Santa Fe System Lines.

Samuel H. West, Esq., (St. Louis, Mo.), for the St. Louis Southwestern Railway Company; St. Louis Southwestern Railway Company of Texas, and Paragould Southeastern Railroad Company.

Fred H. Wood, Esq., (St. Louis, Mo.), for the New Orleans. Texas & Mexico Railroad Company; Orange & Northwestern Railroad Company, and also, with

E. K. Voorhees, Esq., (St. Louis, Mo.), General Freight Agent, for the St. Louis & San Francisco Railroad Company.

James C. Jeffery, Esq., (Chicago, Ill.). J. M. Johnson, Esq., (St. Louis, Mo.), and

Herbert J. Campbell, Esq., (Chicago, 411), for the Missouri Pacific Railway Company and St. Louis, Iron Mountain & Southern Railway Company.

O. E. Perkins, Esq., (St. Louis, Mo.), for the St. Louis, Iron Mountain & Southern Railway Company.

C. J. McPherson, Esq., (St. Louis, Mo.), for the Missouri Pacific

Railway Company.

Thomas C. McRae, Esq. (Prescott, Arkansas), for the Prescott & Northwestern Railroad Company; H. M. Stephens; Western Tie & Timber Company: Caddo & Choctaw Railroad Company: Dorcheat Valley Railroad, and Louisiana Railway Company,

C. L. Marsilliot, (Memphis, Tenn.), for the Crittenden Railroad Company: Helena & Parkin Railroad Company, and Tyronza &

St. Francis River Railroad Company, and also, with

J. F. Gautney, Esq., (Jonesboro, Ark.), for the Manila & South-

western Railroad Company.

5 Charles T. Coleman, Esq., (Little Rock, Ark.), for the Wilson Northern Railway Company; Blytheville, Leachville & Arkansas Southern Railroad Company; Roosevelt & Western Railroad Company, and Gould Southwestern Railway Company.

Henry M. Armistead, Esq., (Little Rock, Ark.), for the Perla Northern Railway Company, and Malvern & Freeo Valley Railway Company.

John B. Daish, Esq., (Washington, D. C.), for the Paragould

& Memphis Railway Company.

William L. Stocking, Esq. (Kausas City, Mo.), for the Doniphan, Kensett & Searcey Railroad Company and the Saline River Railway Company.

E. J. Mantooth, Esq., Lufkin, Lexus, for the Moscow, Camden &

San Augustine Railway Company.

George Wesley Smith, Esq., (Rayville, La.), for the Delhi, Baskin X Southwestern Railway Company.

E. L. Sargent, Est., (New Orleans, La.), and

W. F. Braggins, (New Orleans, La.), for the Texas & Pacific Rail-Ray Companiy.

Edgar H, Farrar, Esq., (New Orleans, La.), for the Red River &

Gulf Railroad Company

Messrs, Saner & Somer, Pullas, Toxas I, by Jino, S. Saner,

Esq., i, for the Caro Notthern Knilway Company.

T. M. Mehalfy, Esq., (Little Rock, Ark.), for the Little Rock, Maumelle & Western Bailroad Company, and Saginaw & Quachita River Railroad Company.

Leon Sugar, Esq., (Lake Charles, La.), for the Sabine & Northern

Railroad Company.

Charles F. Ziebold, Esq., (St. Louis, Ma.), for the Zwolle & Eastern Kailway Company, and Missis-appi Valley Railway Company.

John A. Sargeitt, Esq., (Kansas City, Ma.), Vice-President and General Manager, Missouri & Louisiana Railroad Company.

George C. Greer, Esq., (Beaumont, Texas), for the Texas South-

eastern Railroad Company.

J. D. Riddell, Esq., (Kansas City, Mo.), for the Salem, Winona & Southern Railroad: Victoria, Fisher & Western Railroad Company and the Quachita Northwestern Railroad Company,

W. Q. Church, (Kansas City, Mo.), for the Louisiana Central Rail-

road Company.

Messis, Hill, Brizzolova & Fuzhugh, (Fort Smith, Ark.), for Central Railway Company of Arkansas.

W. L. Dean. (Huntsville, Texas), and

B. H. Powell, (Huntsville, Texas), for the Trinity Valley Southern Railroad Company.

E. M. Tweksbury, Esq., (Bullalo, N. Y.), for the South Buffalo Railway.

Edward B. Peirce, Esq., (Chicago, Ill.), and

W. F. Dickinson, Esq., (Chicago, Ill.), for the Chicago, Rock Island & Pacific Railway Company,

Messrs, Green & Green, by (Marcellus Green, Esq.). (Jackson,

Miss.), for the Fernwood & Gulf Railread Company.

T. Brady, Jr., Esq., for the Natchez, Columbia & Mobile Railroad Company; New Orleans, Natallancy & Natchez Railread Company and Kentwood. Greensburg & Southwestern Kailroad Company.

E. A. Frost, Esq., (Shreveport, La.), for the Mansfield Railway &

Transportation Company.

N. S. Brown, (St. Louis, Mo.), and

F. R. Pierce, Fsq. (St. Louis, Ma.), for the Southern Pine Sys-

tem; Enterprise Railroad Company; Griffen, Magnolia & Western Railway Company; Natchez, Ball & Shreveport and Saline Bayou Railroad Company.

N. S. Brown, Esq., (St. Louis, Mo.), and

H. E. Hardtner, Esq., (Urania, La.), for the Natchez, Urania & Ruston Railway Company.

N. S. Brown, Esq., (St. Louis, Mo.), and

Thos. W. Frye, Esq., (St. Louis, Mo.), for the L'Anguille Railway Company.

S. W. Moore, Esq., (Kansas City, Mo.), for the Kansas City

Southern Railway Company.

P. S. McLurg, Esq., (Monroe, La.), for Monroe & Southwestern

Railway Company.

Messrs, Moore & Moore, (Texarkana, Ark.), by (Henry Moore, Esq.), for Homan & Eastern Railroad Company, and Louisiana & Arkansas Railway Company.

Martin Walsh, Esq., G. P. & F. A., (Nashville, Ark.), and

J. W. Bishop, Esq., General Attorney, (Nashville, Ark.), for Memphis, Dallas & Gulf Railway Company.

Phin. Kimball, Esq., (St. Louis, Mo.), for Arkansas & Gulf Rail-

road Company.

W. S. Hobbs, Esq., (Warren, Ark.), for Warren & Ouachita

Valley Railway Company.

Luther M. Walter, Esq., (Chicago, Ill.), for Fourche River Valley & Indian Territory Railway Company; Trinity Valley & Northern Railway Company, and Lake Charles Railway & Navigation Company.

John S. Kirkpatrick, Esq., (Kansas City, Mo.) for the De Queen & Eastern Railway Company; and Sabine & Eastern Railway

9 Company.

T. J. Gaughan, Esq., (Canaden, Ark.), for the Crossett Railway Company: Louisiana & Pacific Bluff Railway Company:

and El Dorado & Wesson Railway Company.

Walter H. Saunders, Esq., for the Gulf & Sabine River Railroad Company; Warren, Johnsville & Saline River Railroad Company; Little Rock, Sheridan & Saline River Railway Company; Tioga & Southeastern Railway Company; Mill Creek & Little River Railway & Navigation Company, and Bernice & Northwestern Railway Company.

Jos. R. Lane, Esq., (Davenport, Iowa), for the Warren & Ouachita

Valley Railway Company.

George A. Keyes, Esq., (Kentwood, La.), for the Kentwood & Eastern Railway Company.

W. R. Thurmond, Esq., (Kansas City, Mo.), and

J. Walter Farrar, Esq., (Kansas City, Mo.), for the Louisiana & Pacific Railway Company; Sibley, Lake Bistineau & Southern Railway Company, and the Woodworth & Louisiana Central Railway Company.

Henry L. Fitzhugh, Esq., (Fort Smith, Ark.), for the Central

Railway of Arkansas.

Julian C. Wilson, Esq. (Memphis, Tenn.), for the Blytheville, Burdette & Mississippi River Railway Company.

W. N. Welch, Esq., (Myrtistown, La.), for the Black Bayou Railroad Company.

William White, Esq., (McComb, Miss.), President and General

Manager, and W. B. Mixon, (McComb, Miss.), Attorney, for the Liberty White Railroad Company.

Robert R. Reid, Esq., (Amite, La.), for the Kentwood & Eastern Railway Company.

J. T. Burlingame, Vice President and General Manager, for the Washington & Choctaw Railway Company.

9-B. List of Railroads Heard.

Malvern & Freeo Valley R. R	
Red River & Gulf R. R	
Crittenden R. R	
Butler County R. R	
Crossett Ry	,
Central Ry. of Arkansas	
Warren & Quachita Valley R R 551	
Tremont & Gulf. 628	
Tremont & Gulf. 628 Warren, Johnsonville & Saline River R. R. 792	
Dorcheat Valley R. R	
Bernice & Northwestern Ry	
Little Rock, Maumelle & Western R. R	
Arkansas & Gulf R. R	
Caddo & Choctaw Ry	
L'Anguille River Ry. 1117	
Little Rock, Sheridan & Saline River Ry	
Louisiana Ry	
Mill Creek & Little River Ry. & Nav. Co	
Monroe & Southwestern Ry. 1266	
North Louisiana & Gulf R	
(Southern Pine System) 1305	
Enterprise R. R	
Griffen Magnolia & Western R. R	
Natchez, Urania & Ruston	
Ouachita & Northwestern R. R	
Louisiana & Pacific Ry	
Arkansas Eastern R. R	
Sibley Lake Bistineau & Southern Ry	
Woodworth & Louisiana Cent. Ry	
Colonial System	
Bearden & Ouachita Riv. R. R	
Angelina & Neches River R. R	
Freeo Valley R. R	,
Groveton Lufkin & Northern Ry	
Saline River Rv	
Fourche River Valley & Ind. Ter. Ry)

Red River & Rocky Mount Wilmar & Saline Valley R. Salem Winona & Southern Shreveport Houston 9-C. Texas Southeastern I Thornton & Alexand De Queen & Eastern R. R. Missouri & Louisiana R. R. Sabine & Northern R. R Blythesville, Burdette & Mis Wilson Northern Ry Manila & Southwestern Ry Moscow Camden & San Au	0. 2391 R. R. 2427 R. R. 2461 R. R. 2461 R. R. 2498 & Gulf R. R. 2553 t. R. 2623 dria Ry. 2699 2767 2865 2943 sissippi Riv. Ry. 2997 3057 gustine R. R. 3103
Supple	emental Hearings.
Trinity Valley So. R. R New Orleans Natalbany & S Kentwood Greensburg & So Fernwood & Gulf R. R Kentwood & Eastern Ry Doniphan Kensett & Searcy Paragould & Memphis Ry Prescott & Northwestern R. Saginaw & Ouachita River Roosevelt & Western R. R. Tioga & Southeastern R. R. Victoria, Fisher & Western Gould Southwestern Ry Liberty White R. R Zwolle & Eastern R. R. Blytheville Leachville & Arl Mississippi Valley Ry	R. R. 3209 outhwestern Ry. 3296 outhwestern Ry. 3376 outhwestern Ry. 3445 Ry. 3577 R. 3540 R. 3641 R. R. 3737 R. 3808 R. 3869 3910 3964 4013 C. So, R. R. 4045 4109 4133
9-D. Ind	er of Witnesses.
Name.	Railroad.
J. S. Crowell. Rec F. E. Stonebraker Cri J. R. Blair Cri C. T. Whitman Cri H. C. Holly Cri C. G. Barton Cri Wm. N. Barron Bu A. Trieschmann. Cro	Vern & Freeo Valley R. R. Co. 50-265 River & Gulf R. R. 138 ttenden R. R. Co. 204 ttenden R. R. Co. 227-273 ttenden R. R. Co. 293 ttenden R. R. Co. 295 ttenden R. R. Co. 295 ttenden R. R. Co. 298 ttenden R. R. Co. 300 seett Ry. Co. 399 ttenden Ry. Co. 399 ttenden Ry. Co. 399 ttenden Ry. Co. 399 ttenden Ry. Co. 399

W. S. Hobbs. Warren & Ouachita Valley R. R. H. W. Seaman Tremont & Gulf R. R. J. B. Fick Tremont & Gulf R. R. J. H. Geagan Tremont & Gulf R. R. S. J. Carpenter Tremont & Gulf R. R. S. J. Carpenter Tremont & Gulf R. R. J. F. Forsyth Warren Johnsonville & Saline Riv. E. E. Porter Dorcheat Valley R. R. G. W. James Bernice & N. W. R. R. A. H. Wacker Bernice & N. W. R. R. F. Neimeyer Little Rock, Maumelle & Western. G. W. Smith Little Rock, Maumelle & Western. Phin Kimball Arkansas & Gulf R. R. T. W. Rosborough Caddo & Choctwa Ry Thos. W. Fry L. Anguille River Ry Edwin Booth Little Rock Sheridan & Saline River Ry J. M. Bernardin Louisiana Ry. W. A. Murray Mill Creek & Little Riv. Ry. & Nav. Co. J. E. Mason Monroe & Southwestern. J. L. Dormon No. Louisiana & Gulf So. Pine System Enterprise R. R. Griffen, Magnolia & Western Saline Bayou Q. T. Hardtner Natchez, Urania & Ruston. C. E. Slagle Ouachita & Northwestern R. S. Davis Louisiana & Pacific. F. E. Garv. Arkansas Eastern R. R. H. F. Willis, Arkansas Eastern R. R. R. S. Davis (recalled.) Louisiana & Pacific.	551 628 703 731 780 792 839 877 914 935 1006 1036 1063 1117 1160 1190 1241 1266 1297 1305 1366 1396 1437 1468 1543 1577 1619 1638 1665
David McLean (recalled) Louisiana & Pacific	1743
9-E. Index of Witnesses. P. C. Rickey. Louisiana & Pacific. C. B. Sweet. Louisiana & Pacific. J. W. Martin. Sibley Lake Bisteneau & So. Ry. Robert Stack. Woodworth & La. Cent. S. H. Fullerton. Colonial System. M. L. Fleishel. Colonial System. J. H. Beland. Bearden & Ouachita Riv. R. R. Eli Wiener. Angelina & Noches Riv. R. R. Edward Bower. Freco Valley R. R. J. C. Anderson. Groveton Lufkin & Northern. W. P. Smith. Groveton Lufkin & Northern. W. J. Helmick. Groveton Lufkin & Northern. L. N. Smyth. Saline River Ry. F. H. Hartshorn. Fourche River Val. & Ind. Ter. Ry. W. M. Collins. Fourche River Val. & Ind. Ter. Ry. W. M. Collins. Fourche River Val. & Ind. Ter. Ry. W. P. Weber. Lake Charles Ry. & Nav. Co.	1933 1974 1977 1991° 2041 2123 2180 2265 2271 2273 2319 2379

A. H. Beardsley. Red River & Rocky Mount Ry. A. W. Judd. Wilmar & Saline Valley Ry. J. B. White. Salem, Winona & Southern R. R. J. B. Riddell. Salem, Winona & Southern R. R. L. D. Garrison. Shreveport, Houston & Gulf. L. D. Garrison (recalled) Shreveport, Houston & Gulf. E. C. Durham. Texas Southeastern R. R. L. D. Gilbert. Texas Southeastern R. R. J. H. Beland. Thornton & Alexandria Ry. B. E. Halpin. Thornton & Alexandria Ry. H. L. Dierks. De Queen & Eastern R. R. C. C. Ray. De Queen & Eastern R. R. J. A. Sargent. Missouri & Louisiana R. R. C. E. Walden. Sabine & Northern R. R. M. B. Cooper. Blytheville Burdette & Miss. Ry. M. J. Blackwell. Wilson Northern. T. S. Taylor Manila & Southwestern. W. T. Carter. Moscow Camden & San Augustine Ry. T. Tilford. Caro Northern R. R.	2427 2461 2498 2550 2553 2605 2623 2687 2699 2737 2767 2817 2865 2943 2997 3057 3055 3103
$Supplemental\ Hearings.$	
F. W. Herr. Jackson R. R. R. B. Butterfield. Natchez, Columbia & Mobile. C. O. McCarter. Trinity Valley So. R. R. A. C. Ford. Trinity Valley So. R. R. T. L. Smythe. New Orleans Natalbany & Natchez R. R. Robt, Steinbock. New Orleans Natalbany & Natchez R. R.	3196 3215 3296 3345 3377 3413
9-F. Index of Witnesses.	
O. L. Benway New Orleans Natalbany & Natchez	
R. R	3424
T. A. Sowell Kentwood Greensburg & Southwest-	3445
T. L. Smythe Kentwood Greensburg & Southwest-	3467
O. L. Benway. Kentwood Greensburg & Southwest-	3479
ern	3487
M. M. Cruse Kentwood Greensburg & Southwest-	3496
ern	3497
I. C. Enochs. Fernwood & Gulf. Geo. A. Keyes. Kentwood & Eastern. H. E. Kilpatrick. Doniphan Kensett & Searcy. L. M. Smythe. Doniphan Kensett & Searcy.	3503 3521 3577 3620

W. M. Bemis. Prescott & Northwestern 3641 Burt Johnson. Prescott & Northwestern 3721
Durt Johnson.
H M Stovens Prescott & Northwestern 2120
E Noimovor Saginaw & Quachita River R. R 3636
I P Shub Roosevelt & Western K. K
O H Cooper Tioga & Southeastern K. K
C R Loo
W. W. Warren. Victoria, Fisher & Western R. R 3869
H. L. Rosenthal Gould Southwestern Ry
W. M. White Liberty White R. R 3964
G. W. Torney. Zwolle & Eastern R. R
By the Classes Ark So. 4045
J. H. McFarland Mississippi Valley Ry 4109
W. H. Welch Black Bayou R. R

Proceedings.

Commissioner Harlan: Gentlemen, I wish first to suggest that all who are here representing any interest that is involved in this proceeding will be good enough to file their appearances with the reporter at some time during the day. It is desirable that the record should show just who are here and who are interested. Another thing that I would like all to observe is this: The stenographer does not know all who are here and all who may address the Commission on this occasion. He suggests, and I hope you will bear it in mind when any one rises to address the Commission they will first give their names to the stenographer, and it might be well to say what interest they represent.

I shall be glad now to have any suggestions as to procedure. I assume counsel perhaps have given that matter some consideration, and I would be glad to know whether the suggestions have been formulated as to how we shall proceed with this matter. Of course it is understood that the Star Grain and Lumber case is here, also all the special cases that have been filed by the tap lines. It is the purpose of the Commission to make one record, which shall be

considered as attached to the record in the Star Grain and
Lumber case, and also will be a record for the individual
cases that are to be presented.

Have counsel any suggestions to make as to how we shall pro-

ceed to make up this record?

10

Mr. Glasgow: Mr. Commissioner, I represent the Butler County Railway Company. Counsel who have been representing the numerous short lines who are here have been somewhat embarrassed in making any suggestion as to procedure, because they did not know exactly what the views of the Commission were in connection with this hearing. They have considered as far as I know, both reparately as far as their lines are concerned, and generally, the subject of this inquiry; and upon one question they have appointed a committee to present a motion to your Honor this morning as to a matter which occurs in the record, which I will now, if your Honor will permit me, ask to spread on the record at this time.

There has been a petition filed in this cause styled the supplemental petition of the Miller Link Lumber Company and others. As I understand the situation, the Star Grain case has been reopened for taking further evidence, and that it has been combined and consolidated with the special petitions of short line roads, which have been filed with the Commission, all to be

12 heard at this time before your Honor.

The scope of the Star Grain case was that certain complaints filed with the Commission a petition to reestablish through routes and joint rates which had been withdrawn by the carrier. the Atchison, Topeka & Santa Fe Railway Company. Upon that inquiry the Commission delivered an opinion and subsequently reopened the case or considered it further, taking into consideration the general question of division of rates between short line cailroads and the trunk lines, and whether joint rates and through routes should be established, and that, as we understand it, is the inquiry that is now before the Commission for investigation. petition to which I have alluded undertakes in this inquiry to extend the investigation far beyond any question which was in the Star Grain case or any question made by the special petition. Therefore, this committee, who represent or who are acting for all of the counsel here, because it was inconvenient for them all to make the motion, desire to present this motion, which I will read, if your Honor will permit me:

Now come all short line railway companies and all owners of short line railways, cited to appear at this hearing and now move

the Commission to strike from the record in this cause all
of the supplemental petition filed herein by Miller
Link Lumber Company, et al, except so much thereof as
charges that division of through rates between the trunk line railways and the short line railways is in violation of the second and
third sections of the Act to Regulate Commerce.

"And in order that the above motion and the reasons therefor

may be made more specific it is further moved-

"1. That section 3 of said supplemental petition filed herein by Miller Link Lumber Company, et al., be stricken from this record, for the reason that by said section 3 there is thrust into this case questions which cannot properly be considered, upon the citation which parties are required to answer upon a re-opening of the case of Star Grain & Lumber Company, et al., versus Λ. T. & S. F. Railway Company, et al., No. 1319, and the other cases assigned for hearing this day therewith since by said petition it is sought to have the Commission pass upon all 'rates of freight on lumber and saw mill products, now in effect from points on the lines of said railways in Louisiana. Arkansas and Texas to interstate destinations in the States of Oklahoma, Colorado, Kansas, Missouri, Iowa, Nebraska,

and other interstate destinations' and this upon the insufficient charge that such rates 'are unjust and unreasonable per se and relatively as compared to the rates of freight which the owners of the saw mills and shippers who receive such divisions of the rates are accorded.' "2. That section 5 of said petition should be stricken from the record in that it undertakes without any definite or distinct allegations of fact or without giving information as to what specific objection petitioners may have as to rates, to have this Commission 'consider the entire body of rates on lumber from Loui-iana, Arkansas and Texas as well as the regulations and practices pertaining to such transportation and to the rates' and to thrust said annihus, indefinite and unlimited inquiry into cause No. 1319 aforesaid.

"3. That said petition undertakes to inject into this cause and inquiry into the legality or propriety of Group Rates, which has no place in the investigation upon which the Commission is engaged in cause No. 1319 aforesaid, and especially in that there are no specific and definite allegations as to what Group Rates petitioner charges to be illegal and the reasons therefor, and paragraph 3 of

the prayers of said petition should be stricken from the record for the above reason and because same is indefinite and

uncertain.

"4. That paragraph 1 of the prayers of said petition be stricken from the record, because it asks to inject into cause No. 1319 afore-

said matters which cannot properly be considered therein.

"5 That paragraph No. 4 of the prayers of said petition be stricken from the record, in that it asks the Commission to give notice of an annibus "investigation of all the interstate rates from Texas points to interstate markets on lumber and lumber products, together with the tap line divisions and other allowances, regulations, practices and rates applicable to the lumber and logging traffic in the same manner and to the same extent as the same subject shall be involved with respect to the rates, regulations and practices from said points in Louisiana and Arkansas," and the facts alleged and the section aforesaid are so indefinite that the Commission cannot properly base an investigation or an order thereon.

"6. That paragraph 5 of the prayers of said petition be stricken from the record as the same is too indifinite and uncertain to enable parties interested in this proceeding to understand definitely the relief asked and the Commission can not properly base an

16 investigation or order thereon.

"7. If investigation is to be had on a complaint as indefinite as the petition above referred to, then the effect thereof would be to deny to parties interested a proper hearing in that they would have no definite and specific information as to the grounds of complaint and necessarily could not prepare their defense thereto.

WM. A. GLASGOW, Jr., Philadelphia; EDGAR H. FARRAR, New Orleans; H. W. SEAMAN, Chicago; C. L. MARSILLIOT, Memphis; WALTER H. SAUNDERS, St. Louis,

Committee of Counsel Representing Short Line Railroads Cited to Appear."

Now, sir, I think, and the committee think, that the case of the National Petroleum Association against Ann Arbor Railroad Company settles the question as to this petition, 14 I. C. C. Reports. Your Honor is no doubt familiar with the case. In that case a petition very much of the same character as this, undertaking to charge that all the rates in a certain district were unreasonable and unjust, just as this undertakes to charge, that all rates

from Texas, Arkansas, and Missouri to all the points in Colorado and the other states of the Union are unjust and

unreasonable, was filed; and the Commission says;

"Then it must follow that we are asked by complainant to reduce by one sweeping order thousands and perhaps hundreds of thousands of rates concerning which no specific complaint has been made and not one syllable of evidence offered. To quote the language used in Dallas Freight Bureau versus M. K. & T. Rv. Co., 12 I. C. C. Rep. 427: 'The case seems to have been thrown together as if the Commission only needed to have an opportunity presented to it to take favorable action. * * * We are authorized under the Act to order a reduction in rates only when it is made to appear that they are unjust or unreasonable or unjustly distriminatory or unduly perferential. But inasmuch as this proceeding is undoubtedly maintained in good faith upon the belief that the Commission can, within the powers conferred upon it by law, and from the evidence in this record, grant the relief prayed for, it may be well to state here some of the insuperable difficulties involved in an omni-

bus complaint of this nature,' and they go on to discuss it. 18 "We can make no such wholesale order as is prayed for in this proceeding. If any of these rates are excessive or operate to effect forbidden discriminations, as may be the case, they are the rates of one or more carriers against which a definite and specific complaint can be directed," and the Commission in that case dismissed the complaint of the National Petroleum Company and required them to come in, as they subsequently did, with specific

charges as to specific rates.

Now, the committee make this motion. We do not want to go beyond the inquiry which is legitimately and properly before the Commission, and we make this motion before your Honor on the record. I do not know whether your Honor will feel like passing upon it at this time, but before going into any of the questions involved on that, if your Honor does not pass on it, we should ask that your Honor refer the motion to the Commission to be passed upon before we go to the expense of going into the record on that question.

Commissioner Harlan: Is counsel here representing the petition? I think it was filed by Judge Cowan.

Mr. Cowan: Yes, your Honor.

Commissioner Harlan: Have you any suggestions to make in response to the motion?

Mr. Cowan: The motion of Mr. Glasgow is to postpone the case until the allegations can be made sufficiently definite to inform the parties interested of what rates we complain, and

that we shall not be permitted to inject into the case an investigation of any rates which were not embraced in the original case of the Star Grain and Lumber Company, and that we shall not investigate any questions except the questions involved in that case. As I understand Mr. Glasgow, he wants the Commission and your Honor to postpone the hearing of this case in order that they may ascertain whether these questions may be heard in this case, so they will not have to go to the expense of making preparation for trial. It is like the application in a criminal case for the continuance of such a trial on the ground of the absence of the witnesses, who are really in the vicinity of the court house. The Commission under the present law has ample and complete power to investigate any matter that pertains to the matter of the complaint or the rates complained The Act of 1910 gives the Commision ample power in that particular, and it may investigate without a complaint and on its own motion. The law does not require that the Commission specify with the certainty of an indictment just what the subject mat-

ter is in all particulars, but only generally. I take it that 20 the motion is without any foundation, legally speaking, because of the power conferred upon the Commission by the Act of Congress of 1910. The petition seeks in this case to adjust the rates for the purpose of preventing those discriminations as to which the Commission made its decision in the Star Grain and Lumber case, the object being to embrace the question of reasonableness per se and the relative reasonableness of the rates, as well as matters pertaining to discriminations, to rebates and to practices concerning the handling of traffic, the making of the application of the rates or the division of the rates. Whether the petition is as aptly drawn as my friend, Mr. Glasgow, might draw it, and whether it sets out in detail to inform those who are present of the matter that is intended to be reached by virtue of the petition calling the Commission's attention to the situation, I do not know; I probably could have drawn it a great deal better, but it was sufficient, at least, that when the petition is served upon these gentlemen it has brought together the largest aggregation of good looking and intelligent and wealthy gentlemen who are participating in these advantages that

I have ever seen, by a petition containing as little as Mr. Glasgow says it contains. It brought him down here 21 representing a cooperage company and not a lumber company, from Philadelphia, and it seems very strange, in view of what your Honor sees before you, that these gentlemen should contend that the petition was not sufficient to inform these gentlemen what the subject matter intended to be reached, is about. I think the petition has ample evidence now before your Honor that it has reached all the purposes of a petition that could be drawn by a Philadelphia lawyer, however much better it might be than one

drawn by a gentleman from Texas.

Mr. Glasgow: The question is not who drew the petition, but when my friend undertakes to look around over this audience and say this petition has brought them here, the truth of the business is, a great many of these distinguished and good looking gentlemen he has referred to never heard of this petition until they got here.

He has misinterpreted this motion—

Commissioner Harlan: I assume, after the compliment Judge Cowan has paid to the assemblage, that no one wants action on your motion at this time.

Mr. Glasgow: No. sir; I do not suppose you will pass upon it

now.

Commissioner Harlan: We will reserve that question for the Commission. I think it proper, however, to say that in addition to the notice that has been given, that the Commission expects at this time to have a record that will enable it to proceed on the intimations made by the Commission in the Star Grain and Lumber case. The Commission has before it also the numerous petitions of particular lines which bring that same general question in issue; and in addition, the Commission has suspended the action of the carriers cancelling the so-called tap line allowances, and the investigation of the propriety of the carriers in that regard is here before us. So that I may say, for the Commission, and after a conference with the Commission, that it hopes at this time to make a record that will be sufficient basis for such action as may be necessary on this whole question.

Mr. Glasgow: Do you mean of the division of rates to carriers?

Commissioner Harlan: The division of rates and lawful allowances in all cases and in particular cases, and in the propriety of the action taken by the carriers in cancelling allowances. Now, 1 should regard it, and that is the view of the Commission, as most

unfortunate if any attitude is assumed here, either by the tap lines, or by the regular lines, or by the lumber interests, that will impair the sufficiency of this record as the basis for a

disposition of the whole question.

Mr. Glasgow: I have not done that, and neither does this motion put it in that attitude. But we cannot be put in the attitude of being in any way attempting to limit the inquiry of the Commission. But your Honor recognizes that the question of reasonableness per se of rates from Texas to Louisiana and Arkansas is a very different question from what has been considered in this case, and we do ask that before you go into the questions of the breadth suggested by this supplemental petition, that if your Honor does not feel like passing upon it alone before you go into it, we have that matter submitted to the Commission for its order in that connection, because it opens up a breadth of examination that no Commission, in my judgment, can possibly pass on in one case, it is utterly impossible. Therefore, I do not think that the committee can expect your Honor to pass upon it, but we do not want to go into that thing without having it submitted to your honor to consider it at your leisure.

Commissioner Harlan: Your motion is of record, and you have heard my statement made in behalf of the Commission, and I think all questions growing out of the motion may be

reserved for the action of the Commission.

dr. Garwood: In behalf of the lines which I represent, I wish that in view of the course of this investigation, and in view

of the shortness and insufficiency of the notice of this supplemental petition, it had not occurred to us that the reasonableness of the lumber rates from the territory mentioned to the consuming territory would be considered, as to the reasonableness per se of those rates, and we are utterly unprepared with testimony to maintain those rates, if they are to be attacked. I think that I state almost a truism when I say it has never occurred to any of the main lines, the trunk lines, that here we would be called upon to meet the charge that the rates were unreasonable, and we are not prepared to do it.

Commissioner Harlan: Let me interrupt you for a moment. Mr. Garwood. The view of the Commission is, as I think I correctly interpret it, that the purpose of the supplemental petition was not to bring before the Commission the general question of the reason-

ableness of the lumber rates from those territories, but only
the particular question as to the reasonableness in view of
the allowances made to tap lines. I assume that counsel who
tiled the petition is not prepared to go beyond that phase of the
question of reasonableness. And it occurs to me, as I assume that
it would be acceded by you, that there will be a sufficient basis here
for the determining of the reasonableness of lumber rates from that
point of view.

Mr. Garwood: As a mere collateral or incidental question-

Commissioner Harlan: As a question growing out of the whole matter of allowances made by regular lines to tap lines, the state of those allowances, and the effect that those allowances have upon the net revenues of those carriers. I assume we will have no difficulty in proceeding upon that general basis, and I assume that counsel does not expect at this time to go beyond that.

Mr. Cowan: Your Honor has correctly stated the view that we hold, for the petitioners, and the object of filing it. We did not expect to go into the general question of the rates per se; that is, put in the formal allegation of the petition like in the filing of an indictment.

Mr. Peirce: I would like to state my view of the situation in view of this supplemental petition. I think your Honor 26 has stated about as clearly as could be, my own understanding of this supplemental petition. Now, the Rock Island was not a party to the Star Grain and Lumber case, and has never been made a party to it, to my knowledge, and no copy of this petition has ever been served upon us. Now, the situation, as I understand it, is simply this: that there has been a controversy pending in Texas by many of the Texas lumber producers that the payment of these allowances in Arkansas and Louisiana resulted in discrimination against the Texas people who were not getting these allowances directly or indirectly, and a petition was filed before the Texas Commission asking that the local rates in Texas be reduced to offset these divisions in Arkansas and Louisiana, and that the Texas people have never made any contention as to the rates in and of themselves, but simply that the payment of these divisions in Arkansas and Louisiana resulted in a discrimination, which, if removed or cancelled, satisfied their complaint. Now, when the main lines, like the Rock Island and the Missouri Pacific and the others filed these petitions cancelling the divisions with the short lines, the Commission suspended these cancellations; and while I have never known just precisely the theory upon which it was done, I have understood in a general way, and I think perhaps now in an authoritative way, that it was done for the purpose of determining whether these cancellations were proper or not—

Commissioner Harian: That is not quite the basis of the action of the Commission, as I understand it. It was done because the Rock Island in a case in court, had permitted or secured, or at any rate, the results were had in court as to produce a discrimination

if the rest of the rates were not suspended.

Mr. Peirce: The noise outside, your Honor, prevented me from

hearing.

Commissioner Harlan: Well, it was done as the result of a proceeding against the Rock Island in court, in which such action was taken as would result in a discrimination unless the suspension was made general.

Mr. Peirce: What action do you refer to?

Commissioner Harlan: I do not think it worth while to refer to it. You were there and argued the case, as I understand. However, I do not think it worth while to go into the reasons of the Commission in taking that action. It did take it, and this is the situation.

Mr. Peirce: I was just stating my understanding, and was about to conclude. The petition filed by Mr. Cowan, as stated by your Honor, was simply to restate the petition of the Texas shippers, that these allowances in Arkansas and Louisiana were improper, and resulted in a discrimination, and the only effect of this petition was to raise the question squarely before the Commission and put them on the record in order to be heard here on the question of the propriety of these allowances, and that that is the question that is now before the Commission. After all, these lines are here, and I understand they are all here by their counsel and want to be heard, and make their cases, and the Commission, after hearing the evidence, may decide that the action of the main lines in cancelling these divisions was improper and that these lines are lines entitled to share in these rates, and if they do decide that, it seems to me the only necessary conclusion is that the petition of Mr. Cowan must be dismissed. If, on the contrary, the Commission holds these divisions are improper, then, of course, they will be permanently can-celled, and in that way Mr. Cowan's petition will be satisfied and no further action than the permanent cancellation of divis-29 ions will be necessary. Now, that is the issue, as I understand

it, that is to be heard by the Commission here at this time. Commissioner Harlan: Mr. Peirce, I do not see how I can make the statement any clearer than I have endeavored to make it. You have overlooked the second hearing in this city on the tap line question. Now, if you will remember, the issue in the Star Grain and Lumber case was so enlarged in the second hearing as to bring before the Commission the entire question of tap line allowances, whether

in Arkansas, Louisiana or Texas, and the Rock Island, if I mistake not, was present on that occasion.

Mr. Peirce: Well, we were present-

Commissioner Harlan: The Commissioner certainly regards the

Rock Island as being before it on this occasion.

Mr. Peirce: I do not think there is any question but what the Rock Island is here, and I do not think there is any question but what the Rock Island is a party to the record, and I do not want your Honor to understand I am going to raise any technical objection. But at the first hearing in New Orleans, the Star Grain case was set down for hearing; to which the Rock Island was not

and Lumber cases, to which the Rock Island was a party. They were all assigned for hearing before the Commission at New Orleans, in this room, and we all appeared here in those cases and introduced evidence, and the record was made one, and the evidence was treated in both cases, but separate opinions were rendered in those cases, and I do not know of any order that was ever made consolidating those cases. However, I do not desire and will not. If it becomes necessary to get in the Star Grain and Lumber case, in order to let the Commission go ahead. I think we shall do it. I do not want to take any position that would in any way obstruct this proceeding, and will not do it, and if necessary, I think we would enter our appearance if you wanted it entered, in order to proceed with this record in this case.

Commissioner Harlan: I think probably counsel will do that, at any rate, there can be no misunderstanding. The whole tap line question is here, and as I understand it, counsel understands the

Rock Island is a party to that question.

Mr. Peirce: I do not rise to object to the jurisdiction of the Commission, but simply for the purpose of stating my under-

31 standing of the issues before the Commission.

Commissioner Harlan: If your understanding is any narrower than that, I think you are wrong. The Commission understands that the tap line question is before it in all of its aspects in this hearing, and we expect a record to be made, and we want the co-operation of every one in making a record that will enable the Commission to dispose of that question.

Mr. Peirce: Well, you say the tap line question, in all of its aspects, and I take it that is the propriety of making the divisions

to the tap lines in each and all of the cases,

Commissioner Harlan: The propriety of making the divisions generally and in individual cases, and also the question intimated very clearly by the Commission in the Star Grain and Lumber case, whether there ought not to be a reduction of the rate; so that the matter may rest on the net revenues of the carriers.

Mr. Peirce: Yes, sir. Now, if the position of the Commissioner is correct, that there ought to be a readjustment of the rates if the tap line divisions are cancelled, it is impossible for us to give any

consideration to that question until after the tap line ques-32 tion is settled, because we do not know what divisions you are going to allow or what you are not going to allow, and it is impossible for us to give any consideration to that, and impossible for us to introduce any evidence on that, because we do not know what the decision of the Commission is ultimately going to be, after you hear the evidence of all these gentlemen here as to their individual roads. You may decide, after you hear the evidence, that the situation will remain as it is today. If you do, I take it there would not be any readjustment of the rates under the intimation of the Commission in the Star Grain and Lumber case, and I do not see how the Commission could very well expect us to introduce evidence on the question of the readjustment of rates on the assumption that tap line divisions are cancelled, because we do not know what the Commission is going to decide, and we do not know what the result of that phase of the controversy is going to be.

Commissioner Harlan: Well, I assume, Mr. Peirce, that there will be abundant opportunity before the Commission to present your views on this particular question as well as on the general question, and I can see that on any suggestion made by counsel that this question will be considered by the Commission. As to 33 whether it is desirable to have your line introduce further

testimony, all those matters can come forward for decision by

the Commission after we have made this record.

Mr. Glasgow: Your Honor's statement of what is here today is practically satisfactory to us, so far as I am concerned; that is, all the questions involved in the allowances to tap lines are to be considered. We make our motion and I expect we will have an opportunity for hearing on that. We are not complaining of the breadth of this petition as filed as a supplemental petition at this time. That is reasonably satisfactory. Now, not as a member of the committee, but as counsel for a single client, I want to suggest to your Honor as to the method of procedure. The tariffs have been filed in the case I particularly represent by the St. Louis & San Francisco, and by the Missouri Pacific, cancelling the former rates in effect from points on the Butler County Railroad to destination. and putting in effect new rates, which new rates are an increase over the rates formerly paid, or under the tariffs cancelled out. petition was filed by the Butler County Railroad Company attacking the cancelling tariffs as unjust and unreasonable, and asking for joint rates and through routes in division of the rates be-

tween the two carriers, alleging that the Butler County Railroad Company is a common carrier. Now, upon that petition, and I take it that the others are practically the same, the first inquiry arises as to whether the tariffs which your Honors have suspended and whether the rates thereunder, are reasonable and just, and upon that the burden of proof is upon the railway companies to justify what is an increased rate. That is a matter of procedure now. Second, the question comes up whether there shall be joint rates and through routes and divisions thereof. The question arises on the threshold whether the Butler County Railroad is a common

carrier, and if so, what should be the rates and divisions thereof, and therefore, I suggest to your Honor that the question of procedure now should be, first, that as to the tariffs which have been suspended, and the reasonableness of the increased rates which have been filed, that the carriers should now assume the burden of establishing the justness of the rates which are increased, for the service rendered.

Commissioner Harlan: Where is the Butler County Railroad? Mr. Glasgow: It runs from a place called Poplar Bluff in either

Arkansas or Missouri— 35 Mr. Jeffery: In Missouri.

Mr. Glasgow: To a connection with the Iron Mountain and the Frisco Road, for about thirty-five miles towards the Arkansas line in a general way south.

Commissioner Harlan: Have you had allowances heretofore?

Mr. Glasgow: We do not state it that way.

Commissioner Harlan: I do not want to commit you, but we want to get along. Did you get something from the regular lines?

Mr. Glasgow: We got a division of the through rates.

Commissioner Harlan: Very well, call it what you like, division or allowance; that is what you got?

Mr. Glasgow: Yes.

Commissioner Harlan: Now, the new tariffs cancelled that?

Mr. Glasgow: Yes, sir.

Commissioner Harlan: And at the same time raised the rates?

Mr. Glasgow: Put in the rate from the junction the same as it
was from the Butler County Railroad, which is an increased rate
on shipments from the Butler County Railroad.

Commissioner Harlan: Then you stand practically as all the

other lines here?

Mr. Glasgow: 1 think so.

Commissioner Harlan: And on that question the Commission understands that the regular lines, in pursuance of the intimations by the Commission in the Star Grain and Lumber case, filed these tariffs cancelling the allowances. Now, these tap lines filed their petitions asking for their restoration. We want all the information that we can get on that question from the particular carriers, and we are not going to stop very long this morning to determine the question of where the burden of proof is, or whether it is an increased rate or not.

Mr. Glasgow: I am trying to bring out of this chaos some method

of procedure.

Commissioner Harlan: I do not think there is any chaos.

Mr. Glasgow: I am talking about the chaos we had yesterday, when your Honor was not here, because there was a great variety of opinion as to what we were to do. Now, I suggest, in order to try and get along—I am not trying to obstruct anything—

Commissioner Harlan: I assume you are not.

Mr. Glasgow: What I say is that the petition attacks the rates which are now filed as unreasonable, and when that question comes

up, I suggest the burden would be upon the carriers to proceed with the inquiry. When it comes to the question of the allowance or division of rates, or whether the joint rates should be established, the individual short line must proceed to present its case.

Commissioner Harlan: That has been understood.

Mr. Glasgow: And I merely suggest that as the method of procedure,

Commissioner Harlan: We are trying to make a record on the general question, and not on the individual cases.

Mr. Peirce: Right on that point, we are not parties to the Butler County case—

Mr. Glasgow: Yes, you are.

Mr. Peirce: If we are, then that serves as an illustration. I do not understand in these petitions filed by the short lines, any question is raised as to the reasonableness of rates. Those petitions are filed asking the restoration of through rates, and therefore, Mr. Glasgow is wholly wrong and illogical in his position, in stating that any burden of proof rests upon the main carriers here to establish the reasonableness of an increased rate. They did not increase the rate, but merely cancelled a through rate with one of

their connections, in view of this understanding of the intimation of the Commission in the Star Grain case, and now that short line comes and says to the Commission that the main line has improperly cancelled that through rate, and we ask the restoration of the through rate, but the only question now is whether that cancellation was improperly made, and if the Commission finds it was improperly made, then I take it that the through rate will be immediately re-established, in accordance with whatever the finding

of the Commission may be.

Commissioner Harlan: Mr. Peirce, I do not understand there is any substantial difference between your view and that suggested by Mr. Glasgow, and the view I have endeavored to express for the Commission. We shall not at this time discuss whether the 24 cent rate from Texas to Kansas City is or is not a reasonable rate. We shall at this time expect to make a record which will enable the Commission to determine whether any part of that rate is to go to the tap line as a general proposition, and to the particular tap line that contests that rate as a particular proposition.

Mr. Peirce: That is exactly as I understand it.

Commissioner Harlan: Now, there can be no misunderstanding as to what we are here for.

39 Mr. Peirce: I agree fully with that, and will proceed on that line.

Mr. McRae: I represent the Prescott & Northwestern Railroad, and we have filed a complaint against the St. Louis, Iron Mountain & Southern, and against the Kansas City & Southern Railway Company for the cancellation of the rates. We are among the first on the docket, and I would ask of your Honor, if you have determined the order in which these special complaints shall be heard. We

are here with our witnesses, prepared to give the Commission such information as we have touching our transportation questions.

Commissioner Harlan: Mr. McRae, before taking up that question, I want to make an addition, Mr. Peirce, to the statement I last made, which was incorporated in some remarks I had previously made on the question of the reasonableness of the rate, to the extent that the rate may be unreasonable because of the allowances or divisions being made to tap lines, that question of reasonableness is before us, but no other question. I have stated that in several different ways, and in making my last statement I neglected to complete it by calling attention again to that phase of the matter, which the Commission believes is now before it.

Mr. Jeffery: Do I understand from that that for instance 40 the 18 cent rate from the lumber territory to St. Louis will be attacked and the burden on us to defend that 18 cent rate as it stands? I am doing this sincerely, because I could not quite get

your idea on that point. Commissioner Harlan: I am going to ask counsel to confer with

other counsel on that point.

Mr. Jeffery: I will do that, but I did not understand.

Commissioner Harlan: I set it forth as clearly as I could, and I am going to leave the question now with this assemblage, and let

us go ahead.

Mr. Glasgow: Some of the gentlemen here have not filed petitions for their specific lines, and I think it would clarify the subject if your Honor would state, as I suppose is the rule, that they may introduce evidence as to their lines without having formally filed a complaint.

Commissioner Harlan: It was so understood with counsel representing a number of these lines at Washington, that they need not burden the record with separate petitions, but that everyone here that wanted to go into this record would have liberty to do so without a formal petition. We have asigned first for hearing the

case of the Red River & Gulf Railroad against the Rock That case went into court, and was referred by the 41 court to the Commission, and we thought it desirable, under those conditions and as a courtesy to the court, that that case be disposed of first. I would like to know who is here representing that road.

Mr. Farrar: We represent the Red River & Gulf, but I think your Honor is mistaken in saying the court referred that case to The appeal was dismissed voluntarily because the Commission.

the defendant came in and pleaded-

Commissioner Harlan: Aside from the question, we have assigned that case first, and if you are ready to go ahead, we will go ahead with this.

Mr. Marsilliot: Mr. Commissioner-

Mr. Farrar: It will be necessary for us to send out and get our

books and papers.

Commissioner Harlan: I hope counsel will be ready when their case is called. I make no criticism of this particular case, but I

hope hereafter all books and papers and witnesses will be on hand when the case is called.

Mr. Farrar: We would have been ready, but my client's train was

delayed.

Mr. Marsilliot: In order that we may facilitate the movement of the Commission, and carry out the suggestion your Honor has just made, and which we think was a most excellent one, I would like to repeat Mr. Glasgow's question, as to whether or not your Honor has fixed any order that these cases may be set, in order that we may be ready, and all of us may be ready as fast as they are called.

Malvern & Freed Valley Ry. Co.

Commisioner Harlan: We will have to develop this thing a little later. We want to get started and then be able to make some announcement that will relieve a good many of those who are here perhaps until tomorrow. Is the Malvern & Freeo Valley in court?

Mr. H. M. Armistead: I represent that company. I understand

that we are in court.

Commissioner Harlan: I will put the further question. Are

you ready to go ahead with your case?

Mr. Armistead: I undestand we were brought here on citation to the complaint of the Butler County Railroad. That complaint is here, and our response to it is that we did not cause the conditions complained of there; that is, the cancelling of the division sheets of the Butler County Railroad, and it would be a simple denial of

the allegations in that complaint. Now, in the case of the
Arkansas Eastern Railroad Company, the Malvern & Freeo
Valley is cited to that complaint, and that is similar to the
Butler County Railroad complaint; and now our answer would be
simply that we did not cancel any divisions with that complainant.
If there has been any general citation issued, any citation making
the Malvern & Freeo Valley a party to any other complaint, I am

not advised of it, and I would like to have advice from your record.

Commissioner Harlan: Did you get into court with a bill for

the restoration of the rate?

Mr. Armistead: Yes, sir; we have a suit pending in the United States Circuit Court for the——

Commissioner Harlan: Was that the case that was referred to the

Commission?

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Mr. Armistead: No, sir. I heard your Honor state just now something about that case—

Commissioner Harlan: Was not there an injunction granted in that case?

Mr. Armistead: There was an injunction.

Commissioner Harlan: Have you any complaint against the Rock Island?

Mr. Armistead: We have a complaint in court.

Commissioner Harlan: You have no complaint before the Commission?

Mr. Armistead: None here.

Commissioner Harlan: That is to say, the Commission may order your allowance cut off and we will not hear from you again; is that it?

Mr. Armistead: No, sir. If you will be patient with me, I will

be frank with you.

Commissioner Harlan: I expect counsel to be frank.

Mr. Armistead: And I will be frank.

Commissioner Harlan: What is your position? We would like to get your case up, because it was a case in court and there was another case in court, and we have assigned those two cases first

for hearing.

Mr. Armistead: Well, this is the first advice that I have had or that any of the Malvern & Freeo Valley people have had that that case was assigned first. Will you kindly answer my inquiry from your record, whether we are cited on any other complaint than the Butler County Railroad and the Arkansas & Eastern?

Commissioner Harian: Well, we will assume that you are not, and

from that point, what is your procedure?

Mr. Armistead: Then I will be perfectly frank with you. Your Honor stated just now that the Rock Island had pro-45 cured that case to be brought-

Commissioner Harlan: No. I did not state that, or at least did not

intend to be so understood.

Mr. Armistead: I understood you to so state. And in order that you may understand that that is not true. I will state that the Malvern & Freeo Valley regards itself as a common carrier. It is. in fact, a typical tap line. It may eventually turn out not to be entitled to a division, and in order to test its right under a contract for a division, it filed that bill and a temporary injunction was granted, and that case was fully argued in court. There were amici curiæ from all over the country pro and con-

Commissioner Harlan: If you will pardon me, the Commission

knows all those facts.

Mr. Armistead: Yes, sir. Now, I will make our position here plain. We are ready to be investigated, but we do desire an opportunity to prepare, by bringing records and witnesses, and we were not advised until your Honor spoke that it was proposed to investigate us first.

Commissioner Harlan: Well, then, will you be ready at

two o'clock? 46

Mr. Armistead: No, sir.

Commissioner Harlan: When will you be ready? Mr. Armistead: I should say that I will be ready in ten days.

Commissioner Harlan: You are not ready to go on now?

Mr. Armistead: No. sir.

Commissioner Harlan: Very well; the Commission will have to close the record at this time as to your road. Have you any of your witnesses here?

Mr. Armistead: I have an officer of the company here.

Commissioner Harlan: What officer is that?

Mr. Armistead: President.

Commissioner Harlan: Have you any others?

Mr. Armistead: No, sir.

Commissioner Harlan: Is he here now in court?

Mr. Armistead: Yes, sir.

Commissioner Harlan: Will you be kind enough to put him on the stand?

Mr. Armistead: I want to make this objection, that we are entitled to notice and to have a complaint filed, if it is a complaint to the Commission, we are entitled to be advised what it is, and

that we should not be dealt with summarily.

Commissioner Harlan: It is not the purpose of the Commission to deal summarily with any one, and it is not the practice of the Commission. The Commission never acts until it thinks itself fully advised as to all the facts; but we have come down here to go ahead with the investigation. It has been widely advertised, as is indicated by the presence of this assemblage, and we expect the tap lines that are interested in the continuance of divisions or allowances to be ready here to give us all the facts showing that they are entitled to have these divisions or allowances.

Mr. Armistead: Still, you have an Interstate Commerce Act, and

you have rules of practice-

Commissioner Harlan: If counsel is not ready to go on at this time, after all this notice, the record will show that, and the Commission will have to take its action in that particular case.

 Mr. Armistead: Very well, I will state we are not ready because we have not been notified that we were a party to any complaint except that of the Butler County and the Arkansas & Eastern.

Commissioner Harlan: You have received a notice from

48 the Commission?

Mr. Armistead: I have just asked two or three times if there is any citation shown to be served upon us. I have never received it.

Commissioner Harlan: Where is the president of your company;

will you ask him to arise?

Mr. Armistead: Mr. Foster is here.

Commissioner Harlan: What is your name?

Mr. Foster: Foster.

Commissioner Harlan: Did you receive any citation from the Commission?

Mr. Foster: For December 8th, for this hearing?

Commissioner Harlan: Yes, for this week.

Mr. Foster: No.

Commissioner Harlan: Has your road in any way received any notice of this hearing?

Mr. Foster: Not that I know of. We have an agency appointed in Washington, which is supposed to send us on all our notices.

Commissioner Harlan: Did you receive at your general offices any notice of any kind?

Mr. Foster: No, sir; only in regard to the two cases Mr.
Armistead refers to, the Butler County and the Arkansas & Eastern.

Mr. Armistead: We are made defendants in those cases.

Commissioner Harlan: Are you ready to meet the case of the Butler County Railroad?

Mr. Foster: I understand our attorney has just explained the

situation with regard to that.

Commissioner Harlan: Mr. Glasgow, you represent the Butler County Railroad?

Mr. Glasgow: Yes.

Commissioner Harlan: I understand you have a complaint in

which this railroad is defendant.

Mr. Glasgow: They got into it in this way, our complaint was against the Frisco and the Iron Mountain and the Missouri Pacific, and this was a short road, and the tariffs showed a concurrence in the rates which had been cancelled, and in going down the line of concurring carriers, in order to make proper filings, the name of this road, which I do not now recall, was put in as a defendant and a concurring carrier in the cancelling of the tariffs.

Mr. Armistead: Whether that is true or not, we do not want to limit it to that anyway. We are perfectly willing to be

50 investigated.

Commissioner Harlan: What is the name of your Washington agent?

Mr. Armistead: I do not know.

Mr. Foster: Tannikin, or some such name.

Commissioner Harlan: Mr. Foster, the Commission will now cally you as the president of that railroad. Will you be kind enough to take the stand?

H. H. Foster was called as a witness, and having been duly sworn, testified as follows:

Mr. Armistead: Will I be permitted to state in the record that w. came here not prepared to answer any questions—

Commissioner Harlan: Let the record show that Mr. Foster is called by the Commission, and counsel states that he was not ready

so far as his case is concerned.

Mr. Armistead: We are not advised of any complaint against us other than those two I have mentioned.

Commissioner Harlan: Will you state your full name, Mi Foster?

Mr. Foster: H. H. Foster.

Commissioner Harlan: Where do you reside?

51 Mr. Foster: Little Rock, Arkansas.

Commissioner Harlan: What is your business?

Mr. Foster: My principal business is the manufacturing and seing of lumber.

Commissioner Harlan: Where is your mill?

Mr. Foster: At Walco, Arkansas.

Commissioner Harlan: How far is that from Little Rock?

Mr. Foster: About 43 or 44 miles.

Commissioner Harlan: How long have you been engaged in the lumber business there?

Mr. Foster: Nine years.

Commissioner Foster: Are you connected with a lumbering corporation?

Mr. Foster: Yes, sir.

Commissioner Harlan: What is the name of that? Mr. Foster: Wisconsin and Arkansas Lumber Company. Commissioner Harlan: You are president of it?

Mr. Foster: Yes.

Commissioner Harlan: And have been for nine years?

Mr. Foster: Yes.

Commissioner Harlan: What is the extent of the plant that it has at Walco; what does it consist of?

52 Mr. Foster: It is a saw mill, and its accessories, with a capacity of about 45,000,000 feet a year of lumber.

Commissioner Harlan: What is the capital of your company?

Mr. Foster: A million and a quarter.

Commissioner Harlan: Does it own lumber forests?

Mr. Foster: Yes, sir.

Commissioner Harlan: What acreage have you? Mr. Foster: We have about 65,000 acres uncut.

Commissioner Harlan: Is it in one body?

Mr. Foster: Practically, sir.

Commissioner Harlan: What was your original holding when the company was organized?

Mr. Foster: About 70,000 acres.

Commissioner Harlan: You have not purchased any additional land since that time?

Mr. Foster: Yes, sir; about 30,000 acres.

Commissioner Harlan: And you have lumbered how much?

Mr. Foster: About 35,000 acres.

Commissioner Harlan: And you have about 60,000 or 65,000 left?

Mr. Foster: Yes.

Commissioner Harlan: What is the character of the lumber?

53 Mr. Foster: Short leaf yellow pine.

Commissioner Harlan: The short leaf, as I understand it, is used more for the fine interior work, rather than the exterior?

Mr. Foster: The manufacturers of it claim that the finish is superior to the long leaf.

Commissioner Harlan: Have you a logging road?

Mr. Foster: Yes, sir.

Commissioner Harlan: When was it built?

Mr. Foster: 1902 it was commenced; when we built the plant. Commissioner Harlan: That was after the mill was built?

Mr. Foster: It was all started about at the same time.

Commissioner Harlan: And completed about at the same time? Mr. Foster: Yes, sir.

Commissioner Harlan: The mill and the road went into opera-" " el et the same time?

Mr. Foster: Yes, sir.

Commissioner Harlan: And both belonged to the lumber corporation at that time?

Mr. Foster: Yes, sir.

Commissioner Harlan: Is there now a railroad corpora-

tion?

Mr. Foster: Part of the equipment is owned by a separate 54 corporation; the company has a logging road outfit besides.

Commissioner Harlan: If you will just answer the question yes

or no, which was, is there now a railroad corporation?

Mr. Foster: Yes, sir.

Commissioner Harlan: When was it organized?

Mr. Foster: I cannot state that definitely; I think about 1905 or 1906.

Commissioner Harlan: Under the general incorporation law of Arkansas?

Mr. Foster: Yes, sir.

Commissioner Harlan: What capital has it?

Mr. Foster: Authorized, \$175,000, and I think it has \$169,000 paid in.

Commissioner Harlan: Does it own any railroad?

Mr. Foster: Yes, sir.

Commissioner Harlan: What is the mileage of it?

Mr. Foster: A little over nine miles.

Commissioner Harlan: What are the termini of that road?

Mr. Foster: Walco and the end of the line, nine miles from the mill, called Landers.

Commissioner Harlan: Is Walco the mill point?

Mr. Foster: Yes, sir. 55

Commissioner Harlan: And the other end is what?

Mr. Foster: Landers.

Commissioner Harlan: Is that a junction point with some railroad?

Mr. Foster: It is where we join on to our logging road.

Commissioner Harlan: Do you join any railroad? Mr. Foster: Not on the Landers end. We do on the Walco end. Commissioner Harlan: How far is the rail line from your mill?

Mr. Foster: Our railroad moreover from-

Commissioner Harlan: No, what regular line serves your mill? Mr. Foster: The Chicago, Rock Island & Pacific, and the Iron Mountain.

Commissioner Harlan: Does the tap line. I will use that phrase

for convenience only, join both roads?

Mr. Foster: Yes, sir.

Commissioner Harlan: Where does it join the Rock Island?

Mr. Foster: I think it is about a quarter of a mile north of the mill.

Commissioner Harlan: Where does it join the Iron Moun-56 tain?

Mr. Foster: It is almost directly at the mill: it has a switch out to the Iron Mountain, the main line,

Commissioner Harlan: Almost directly at the mill?

Mr. Foster: Yes. sir.

Commissioner Harlan: Did you build the switch to the Iron Mountain?

Mr. Foster: Yes. sir.

Commissioner Harlan: When I say "you," I am talking of the railroad that you are president of?

Mr. Foster: Well, we originally built it when the plant was in-

stalled there.

Commissioner Harlan: It was originally built by the lumber company?

Mr. Foster: Yes, sir.

Commissioner Harlan: And not by the Iron Mountain?

Mr. Foster: No, sir.

Commissioner Harlan: And subsequently was turned over to the railroad company?

Mr. Foster: Yes, sir.

Commissioner Harlan: The tap line?

Mr. Foster: Yes, sir.

57 Commissioner Harlan: Do you remember when that switch was built, with the Iron Mountain?

Mr. Foster: In 1902, in the spring of 1902, when we began operations there.

Commissioner Harlan: Now, on the other side of the mill point, what track have you that belongs to the railroad company?

Mr. Foster: I do not understand.

Commissioner Harlan: Well, you have described the general conditions between the mill point and the tracks of the Rock Island and the Iron Mountain.

Mr. Foster: We have nine miles of road running in a southeasterly direction to the timber. That belongs to the railroad com-

pany.

Commissioner Harlan: How long has that been built?

Mr. Foster: That was built in 1902.

Commissioner Harlan: Is it a single track!

Mr. Foster: Yes, sir.

Commissioner Harlan: What rails has it?

Mr. Foster: 45 pound steel.

Commissioner Harlan: Is it a broad gauge road?

Mr. Foster: Yes, sir.

Commissioner Harlan: Has the lumber company any 58

railroad that joins the tap line at Walco?

Mr. Foster: Well, the lumber company owns the tracks itself on its mill site, and leases it to the Freeo Valley Railroad Company, and they keep it up and maintain and operate it for the lease, and do the switching in there.

Commissioner Harlan: Let me see-

Mr. Foster: That is at the mill.

Commissioner Harlan: The lumber company at the mill owns

Mr. Foster: They own their loading tracks, and they own the what track? track that goes to the log pond to dump their logs off into the pond.

Commissioner Harlan: How about this switch track connecting with the Iron Mountain; does that belong to the lumber company?

Mr. Foster: Yes, sir, that belongs to the lumber company.

Commissioner Harlan: And the switch track connecting the road with the Rock Island?

Mr. Foster: Yes, sir; to the lumber company.

Commissioner Harlan: The nine miles of track to Walco belongs to the railroad company?

Mr. Foster: To the railroad company: that is, to Landers: 59

from Walco to Landers.

Commissioner Harlan: Where is Landers? You have not de-

Mr. Foster: That is the end of the road; that is in the woods: scribed that point. out to the woods end of it, where it joins onto the logging road of the Wisconsin & Arkansas Lumber Company.

Commissioner Harlan: Well, from the mill to Walco, what is

Mr. Foster: Well, the mill is at Walco.

Commissioner Harlan: I see.

Mr. Foster: Walco is the mill, and these are its track facilities which I have described, that the lumber company owns, that are

Commissioner Harlan: From Walco to Landers is a track nine about its plant.

miles long, that belongs to the railroad company?

Mr. Foster: Yes, sir.

Commissioner Harlan: Although originally built by the lumber company?

Commissioner Harlan: The lumber company has rented the tracks about the plant and the switch tracks to the railroad company? 60

Mr. Foster: Yes, sir. Commissioner Harlan: At Landers, you say, the logging road connects with the tap line?

Mr. Foster: Yes. Commissioner Harlan: What is the extent of the logging road? Mr. Foster: I think approximately there is about 17 miles of

Commissioner Harlan: And that belongs to the lumber company? it out now.

Mr. Foster: Yes.

Commissioner Harlan: Mr. Foster, who are the other officers of the railroad company?

Mr. Foster: Well, I cannot name them, except that they are all members of the Wisconsin & Arkansas Lumber Company.

Commissioner Harlan: Who owns the railroad company?

Mr. Foster: The Wisconsin & Arkansas Lumber Company owns its stock.

Commissioner Harlan: No stock outside at all?

Mr. Foster: No. sir.

Commissioner Harlan: And all the officers of the railroad company are either stockholders or officers of the lumber company?

Mr. Foster: Or members of the company.

Commissioner Harlan: So it is practically one investment by the same people; different corporations, but the same people own both companies.

Mr. Foster: Yes, sir.

Commissioner Harlan: You have spoken of Walco as a station. Does the tap line have any station building there?

Mr. Foster: They have a small building on the right of way of

the Iron Mountain.

Commissioner Harlan: Well, that is not at Walco.

Mr. Foster: Right there at Walco: yes, sir.

Commissioner Harlan: What kind of a station is that?

Mr. Foster: Oh, it is just a temporary, rough building: it answers the purpose for a flag station: that is all the privileges we have for passenger traffic there.

Commissioner Harlan: Is there any station at Landers?

Mr. Foster: No. sir.

Commissioner Harlan: Is there any industry at Walco except your lumber company?

Mr. Foster: No. sir.

62 Commissioner Harlan: How near is the nearest mill to Walco that does not belong to your company?

Mr. Foster: Saw mill?

Commissioner Harlan: Saw mill or any other kind?

Mr. Foster: Oh, the—Malvern is quite a manufacturing point. Commissioner Harlan: How for is that from Walco?

Mr. Foster: About a mile and a half.

Commissioner Harlan: Is there any other interest at Landers than that of your lumber company; any mill or-

Mr. Foster: No, there is no manufacturing interest down there.

Commissioner Harlan: Any lumbering mill?

Mr. Foster: For the past year there has been a considerable quantity of staves and stave bolts and such stuff as that gotten out down there by the farmers.

Commissioner Harlan: By farmers?

Mr. Foster: Yes, sir; some people have gone down in there with representatives, getting from the farmers—they are getting the stave bolts.

Commissioner Harlan: And your railroad moves that to the junction?

Mr. Foster: Yes.

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Commissioner Harlan: Do you know the extent of that traffic last year?

Mr. Foster: It was about 12 per cent of the revenues of the road, ten or 12.

Commissioner Harlan: Do you know the extent of it in carloads?

Mr. Foster: No. sir: 1 do not

Commissioner Harlan: You can find that out?

Commissioner Harlan: You do not remember the number of carloads?

Mr. Foster: I do not; no, sir.

Commissioner Harlan: Or the gross revenue?

Mr. Foster: It is running for the last eight or nine months from

\$200 to \$400 per month, approximately. Commissioner Harlan: How many farmers are engaged in that

work?

Mr. Foster: I could not tell you; that is quite a farming community, all south of that road.

Commissioner Harlan: They are not in any way related to

your company? 61

Mr. Foster: No. Commissioner Harlan: Have no financial arrangement with it?

Commissioner Harlan: Where is their market for these staves? Mr. Foster: Little Rock is the principal market, the nearest

Commissioner Harlan: Mr. Foster, 1 wish you would procure a market of any note. statement of the carloads that you have received at Landers or elsewhere on your road, and carried to the junction with the Iron Mountain or the Rock Island; also the gross revenues and the number of different shipments. Now, that is traffic that has developed in the last year?

Mr. Foster: There has always been a little of it; there has been

more of it last year.

Commissioner Harlan: Is there any other traffic, other than your

own lumber company's traffic? Mr. Foster: There is fertilizer; we have some considerable fertilizer out there to the farmers, and shipments have been made that way, and there is lumber that is shipped out there to the farmers.

Commissioner Harlan: From what point? (5.5

Mr. Foster: From our mill.

Commissioner Harlan. Your own lumber?

Mr. Foster: Yes, sir; but it is sold to the farmers, and the revenue collected for taking it out there; and there is some cotton seed accumulated at a little town by the name of Lono; that is about half a mile off our logging road.

Commissioner Harlan: How far is that town from the Iron

Mountain tracks? I should judge the Iron Mountain tracks would be Mr. Foster: about ten miles west.

Commissioner Harlan: And from the Rock Island tracks?

Mr. Foster: About six or seven miles, seven or eight miles; I am only giving those distances approximately. Commissioner Harlan: Will you also procure and furnish to the Commission a statement covering, say, the last three years, of all the outside tonnage you have had?

Mr. Foster: Yes, sir.

Commissioner Harlan: Stating the amount of gross revenue from it?

Mr. Foster: Yes, sir.

Commissioner Harlan: Now, Mr. Foster, do you receive a salary as president of the railroad company?

Mr. Foster: No. sir.

Commissioner Harlan: Do any of the officers receive a salary as officers of that company?

Mr. Foster: No, sir; they do not.

Commissioner Harlan: What equipment have you?

Mr. Foster: We have got about 60 logging cars, standard guage flat cars, and we have cabooses and—

Commissioner Harlan: Do you mean you have 60 cars, standard guage flat cars, used for logging?

Mr. Foster: Yes, sir; we have two or three cabooses, which are used in connection with the trains, and we have six locomotives.

Commissioner Harlan: Of what style?

Mr. Foster: There are two of them which are the Shea, the geared engines, and four of them are rod engines, about 45 to 50 ton engines.

Commissioner Harlan: To whom does that equipment belong?

Mr. Foster: To the railroad company.

Commissioner Harlan: Did it ever belong to the lumber company?

Mr. Foster: Part of it was turned over when the corporation was formed, and part of it has been bought since.

Commissioner Harlan: Are you sure that those locomotives belong to the railroad company? Are they not shown on the books of the lumber company to belong to the lumber company?

Mr. Foster: I think not, sir. I think they are owned by the railroad company and leased to the lumber company, the portion of them that they use in the woods.

Commissioner Harlan: Leased to the lumber company?

Mr. Foster: Yes, sir.

Commissioner Harlan: So they are operated by the lumber company?

Mr. Foster: Part of them; the main line engines, of course, are operated and maintained by the railroad.

Commissioner Harlan: Who furnished the capital for the railroad company, or was there any capital furnished?

Mr. Foster: The Wisconsin & Arkansas Lumber Company furnished it.

Commissioner Harlan: Just describe how it was that the railroad company acquired the title of nine miles of track and certain equipment from the lumber company. Did any money pass from the railroad company to the lumber company?

68 Mr. Foster: The investment was made in the railroad by the company.

Commissioner Harlan: By the lumber company?

Mr. Foster: Yes, sir.

Commissioner Harlan: Then, you organized the railroad com-Mr. Foster: And passed the title to it and took the stock for what pany?

we had put into it. Commissioner Harlan: And no money passed? Mr. Foster: Practically none, absolute money.

Commissioner Harlan: As the railroad company-well, it was done as that thing is ordinarily done?

Mr. Foster: Yes.

Commissioner Harlan: That is, you issued capital for estimated value?

Mr. Foster: No; just exactly what we put into it. Commissioner Harlan: For what you paid into it.

Mr. Foster: For exactly what it cost

Commissioner Harlan: Has the railroad company at any time had any capital of its own; has it issued any stock and obtained cash for it?

Mr. Foster: Not outside of that one transaction.

Commissioner Harlan: Who built the original track? I 639 understood you to say it was built by the lumber company. but who furnished the capital for that?

Mr. Foster: The lumber company.

Commissioner Harlan: Was it built by the lumber company or by the Rock Island?

Mr. Foster: Built by the lumber company.

Commissioner Harlan: I do not mean who furnished the capital: you have just answered the question.

Mr. Foster: No, we absolutely built it under railroad contracts, regardless of trunk lines or anything else; it was our property Commissioner Harlan: What do you mean to say, by building it

under railroad contracts?

Mr. Foster: A man that was in the habit of going out and building under railroad construction, came there and bid on the grading and laying of the rail.

Commissioner Harlan: What was his name?

Mr. Foster: Dalhoff.

Mr. Armistead: The Dalhoff Construction Company?

Mr. Foster: I do not know whether it was the Dalheff Construction Company. I think Mr. Dalhoff was operating as a contractor himself and graded the road, and we furnished the 70ties and he laid them. That is eight or nine years ago. and I do not remember just all the details of it.

Commissioner Harlan: You say the railroad company has never had any cash capital of its own?

Mr. Foster: No; outside of that transaction.

Commissioner Harlan: It keeps separate books, of course?

Mr. Foster: Yes. Commissioner Harlan: And keeps a system of accounts that the Commission has prescribed?

Mr. Foster: Yes, sir; they have accepted them. Commissioner Harlan: Have you filed tariffs?

Mr. Foster: Yes.

Commissioner Harlan: Are you sure of that?

Mr. Foster: Well, I will say we filed concurring tariffs, all the tariffs we have are the concurrence with the Rock Island and the Iron Mountain roads.

Commissioner Harlan: Does any of your equipment go off your

own lines?

Mr. Foster: Not of our equipment; no, sir.

Commissioner Harlan: I wish you would also file a statement showing the tonnage of manufactured lumber that has gone out

71 from your mill over the Rock Island, and a separate statement of the tonnage which has gone out over the Iron Mountain during the last three years.

Mr. Foster: You had better make a memorandum of this.

Mr. Armistead: I presume we will be furnished with some memorandum of your Honor's request in this regard.

Commissioner Harlan: I think you can arrange that. But it will help expedite the thing if counsel will himself keep a memorandum.

Mr. Armistead: I had not commenced to do it. I had thought

we could get it from the stenographer, probably.

Commissioner Harlan: Does most of your lumber go out over the Iron Mountain or the Rock Island?

Mr. Foster: The Rock Island.

Commissioner Harlan: What proportion goes out over the Iron Mountain?

Mr. Foster: Oh, 35 per cent, about.

Commissioner Harlan: Was there a time when the Iron Mountain got more of your tonnage that it does now?

Mr. Foster: They got all of it. It was all the connection we had

when we started in.

Comn ssioner Harlan: When did the Rock Island build

72 into that country?

Mr. Foster: Well, they were operating as far as—I am mistaken about their having all of it; the original plan. The Rock Island was as far as Malvern, which was one and a half to two miles away from the mill, and we got Rock Island facilities at that time and the switching charges were absorbed, so we had both roads, but the Iron Mountain had the bulk of the business, their tracks being immediately at the mill.

Commissioner Harlan: Did you ever haul the lumber to Mal-

vern?

Mr. Foster: No, sir; that is not for a charge. We have taken trains up there.

Commissioner Harlan: I mean by horse and wagon; did you ever haul it up?

Mr. Foster: No.

Commissioner Harlan: You have never used teams at all?

Mr. Foster: No; we are too far away.

Commissioner Harlan: Take the first year of your operation; that was in 1902?

Mr. Foster: Yes, sir.

Commissioner Harlan: Then your lumber went out over the Iron Mountain?

Mr. Foster: Very largely; except that we could get cars 73 switched in belonging to the Rock Island over the Iron Mountain tracks; but the bulk of the business went by the Iron Mountain at that time.

Commissioner Harlan: When you did that, what arrangement did you have with the Rock Island? Did you pay them for switching the car in, or the Iron Mountain for switching the Rock Island

Mr. Foster: Well, I don't remember, somebody absorbed the switching rate anyway; we did not have to; they wanted the business, and got down there, and it was taken care of.

Commissioner Harlan: The Rock Island wanted the business and

they got the cars in; that is your recollection?

Mr. Foster: Yes, sir,

Commissioner Harlan: You did not pay anything for switching the cars in?

Mr. Foster: Not that I remember of, because we had the Iron Mountain directly at our door, and I do not suppose we would have paid a great deal to have had their cars switched down there.

Commissioner Harlan: What proportion of your lumber did the Rock Island get in that way? Do you remember?

Mr. Foster: No. sir; I do not. The Iron Mountain had

74 the bulk of the business, a very large proportion of it. Commissioner Harlan: When did the conditions change so that

the Rock Island got the bulk of it?

Mr. Foster: They were changed about 1905 or 1906 by the building of a track from their Malvern line down to our mill

Commissioner Harlan: Is that the track you have spoken of as

about half a mile in length?

Mr. Foster: No: that track is about—they constructed about two miles and a half of track to get to our mill, and it ends about half a mile from the mill, and the Malvern & Freeo Valley there connects

Commissioner Harlan: When they built those two miles and a half, they found the Malvern & Freeo Valley already built to that point?

Mr. Foster: Yes, sir.

Commissioner Harlan: And they then connected up with it?

Mr. Foster: Yes, sir.

Commissioner Harlan: And after that, the Rock Island got the bulk of the traffic?

Mr. Foster: Not immediately; it has grown; it has been a fair division until within the last two or three years,

' Commissioner Harlan: Well, did you enter into any writ-75 ten contract with the Rock Island at that time?

Mr. Foster: Yes, sir.

Commissioner Harlan: Have you a copy of that here? Mr. Foster: I do not know whether the attorney has or not.

Mr. Armistead: No, we have not any papers with us. We will furnish it. A copy has been on file with the Commission since it has been entered into, and we will furnish a copy with the record. That contract and the amendments have all been filed, but we will furnish it, if it is desired, also.

Commissioner Harlan: Up to that time, Mr. Foster, had the Iron

Mountain made you any allowances?

Mr. Foster: Yes, sir.

Commissioner Harlan: What was the amount of the allowance received from the Iron Mountain?

Mr. Foster: Three cents per hundred pounds.

Commissioner Harlan: Well, was that the allowance they had paid you from the beginning?

Mr. Foster: Yes, sir,

Commissioner Harlan: That is, they paid it to your railroad com-

pany?

Mr. Foster: Yes, sir, they—in the beginning, I think it 76 was paid—I do not know how it was handled in the first place; I think about the same as all those tap line arrangements down there. Many of those logging roads did not have charters. We had no charter at the time, that was in the early history of it.

Commissioner Harlan: Well, then, it was paid to the lumber

company.

Mr. Foster: I could not tell you just how that was handled. The road was named, it was called the Malyern & Freeo Valley, and was a railroad without a charter, it was a private road, and they paid it to the road, if I remember right: it never has been paid direct to the Wisconsin & Arkansas Kamber Company.

Commissioner Harlan: Did you make that arrangement with the

Iron Mountain?

Mr. Foster: Yes, sir.

Commissioner Harlan: Just tell us what the basis was for that

allowance of three cents, for what service?

Mr. Foster: The timber was about nine miles away from the Iron Mountain's main line, and about 700,000,000 feet of it, and we brought the logs to the manufacturing point, where we joined—

the junction of the Iron Mountain and the Malvern & Freeo Valley, under a milling in transit rate, and produced the lumber and turned it over to the Iron Mountain.

Commissioner Harlan: Was that a published rate?

Mr. Foster: That I could not tell you, sir.

Commissioner Harlan: Well, your road did not join at that time in any rates, it was not a railroad, then, was it?

Mr. Foster: No, it was a private railroad. We owned it without

a charter.

Commissioner Harlan: After you were chartered, was there any change in the method of handling the business?

Mr. Foster: It was paid to the railroad company.

Commissioner Harlan: That is the only change?

Mr. Foster: Yes.

Commissioner Harlan: The haul was just about the same, and it was conducted in the same manner?

Mr. Foster: Yes, sir.

Commissioner Harlan: When the Rock Island connected up with the Malvern & Freeo Valley, what allowance did you get from the Rock Island?

Mr. Foster: Three cents per hundred pounds.

Commissioner Harlan: And that has been the allowance ever since?

Mr. Foster: Yes, sir.

Commissioner Harlan: And were you then a chartered railroad?

Mr. Foster: Yes, sir.

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Commissioner Harlan: When the Rock Island came in?

Mr. Foster: Yes. sir; we had a charter by that time.

Commissioner Harlan: Have you at any time or on any business had an excess of three cents?

Mr. Foster: No.

Commissioner Harlan: The payments by the Rock Island were always to the chartered tap line?

Mr. Foster: Yes, sir.

Commissioner Harlan: Where are your markets?

Mr. Foster: This simply spreads out in a perfect fan from Little Rock northeast and northwest; we reach Canada and the New England states and the Dakotas-

Commissioner Harlan: You sell lumber ordinarily delivered?

Mr. Foster: We guarantee it—the custom under which lumber is sold practically guarantees the weights; it is not a delivery; it is not so considered, but it is so arranged that the customer is sure to get the dry lumber; he is not having green lumber forced on him.

Commissioner Harlan: He gets it at the delivered weight? 79 Mr. Foster: Yes, sir; we make him a delivered price, but

the delivery is not guaranteed by the lumber man.

Commissioner Harlan: The freight is paid by your company? Mr. Foster: We never pay the freight by the company, except where we happen to ship to a prepaid station. The method is that the receiving party takes up the expense bill and sends it back as a part of his remittance.

Examiner Burchmore: You guarantee the rate, as well as the

weight, do you not?

Mr. Foster: I suppose we practically guarantee the rate. We use the published rates. We do almost anything that the customer wants us to do that is legitimate; that is about the size of it.

Commissioner Harlan: You do not carry any passengers? Mr. Foster: We make no charge for passengers at all.

Commissioner Harlan: Or express matter?

Mr. Foster: No. sir.

Commissioner Harlan: Do not carry any mail?

Mr. Foster: No. sir.

Examiner Burchmore: Any less than carload freight?

Mr. Foster: Some.

80 Examiner Burchmore: Have you a regular train service running on regular schedules?

Mr. Foster: Practically; it makes three trips a day.

Examiner Burchmore: Each way?

Mr. Foster: Yes.

Examiner Burchmore: Do you publish any local rates to and from the junction point?

Mr. Foster: We use the Arkansas distance tariff, the Commis-

sion tariff.

Mr. Armistead: That tariff is now called the court tariff; it is prescribed under an injunction and is used by all intra-state roads in Arkansas.

Examiner Burchmore: What employees has the railroad com-

pany who are not also employees of the milling company?

Mr. Foster: Its engineers, trainmen, roadmen and trackmen. Examiner Burchmore: Can you indicate the number of such employees, in a general way?

Mr. Foster: I should judge somewhere about 25 men.

Examiner Burchmore: Separated into classes, how many engineers and how many fireman and how many road employees.

Mr. Foster: The only fireman and engineer we have is on our main line, one engineer and one fireman, and the train crew, and the men who keep up the road and keep it in shape; the other engines that are operated in the woods end of it clear out into the woods, are operated by the lumber company.

Commissioner Harlan: Let me ask right here; the three cents you get now from both lines covers what services performed by

your company?

Mr. Foster: It covers the haul from Landers to Walco, over nine miles of track.

Commissioner Harlan: But not the haul into Landers?

Mr. Foster: No, sir. That, the lumber company does—the railroad company sends its main line engine down over the 18 miles of logging road for the trains that are accumulated and we pay the railroad company 80 cents a thousand feet for that haul.

Commissioner Harlan: I did not quite get that. How do you get the logs from your forest to Landers; who does that work for

you?

Mr. Foster: Well, the lumber company builds the tracks and keeps them up and owns them, and we accumulate the trains down there, with our woods engines, whatever engines are in the

82 woods operating, and in trains of about 16 to 18 cars; the main line engine goes down over the track of the Wisconsin & Arkansas Lumber Company and gets that train and brings it up. Commissioner Harlan: What main line engine?

Mr. Foster: The main line engine of the Malvern & Freeo Val-

lev Railroad.

Commissioner Harlan: You do not mean the Rock Island or Iron Mountain?

Mr. Foster: No, sir; neither the Iron Mountain or the Rock Island have any tracks of any description on any of the property of the lumber company or the Malvern & Freeo Valley Railroad company, and their engines never come on there.

Commissioner Harlan: When you used that phrase "main line"

you meant your tap line?

Mr. Foster: Our own line; yes, sir.

Commissioner Harlan: It sends its engine down to the forest and

hauls up these trains?

Mr. Foster: Yes, sir; and they have an earning capacity of 80 cents a thousand feet for the logs out of that haul, for that and the maintenance of the logging engines.

Commissioner Harlan: Just how is that rate established;

is that part of the court tariff? 83

Mr. Foster: No.

Commissioner Harlan: What sort of a movement is that?

Mr. Foster: It is an intrastate movement entirely, I suppose. Commissioner Harlan: Is there any rate published for it?

Mr. Foster: No. sir.

Commissioner Harlan: Any bill of lading issued?

Mr. Foster: No, sir.

Commissioner Harlan: Do you issue any bills of lading?

Mr. Foster: Yes, sir.

Commissioner Harlan: From what point to what point? Mr. Foster: From Landers to destination of the lumber.

Commissioner Harlan: Have you a form of your own for that? Mr. Foster: We use the regular form; our railroad name is printed on it.

Commissioner Harlan: How long have you been doing that? Mr. Foster: I think three or four years; I think we have always

done it: it has always been handled that way.

Examiner Burchmore: Do the rates published by the Rock Island and the Iron Mountain apply only from the mill at Walco or are they published and do they apply from the other end of the line at Landers?

Mr. Foster: They are published to apply from Landers. Examiner Burchmore: With a milling in transit privi-

lege?

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Mr. Foster: Yes, sir.

Examiner Burchmore: Are your cars equipped with air brakes?

Mr. Foster: Yes, sir.

Examiner Burchmore: And safety couplers?

Mr. Foster: Yes, sir, and they were inspected just a very few days ago by the representative of the Commission, and he pronounced them in very fine order.

Commissioner Harlan: What were the net profits of your tap

line last year?

Mr. Foster: I will just have to give you that from memory; I think about \$12,000 or \$13,000; somewhere along there.

Mr. Armistead: I did not hear that question.

Mr. Foster: The profits of the Malvern & Freeo Valley Railroad last year.

Mr. Armistead: Net?

Mr. Foster: I understood that was the question.

Commissioner Harlan: The net profits from operation.

Mr. Foster: Yes, sir; I think about \$12,000 or \$13,000; it ran along near that neighborhood. 85

Mr. Armistead: About four per cent on the cost. Mr. Foster: I am giving you that from memory.

Commissioner Harlan: It is so understood, Mr. Foster. Is all the authorized stock of that company issued? If not, what part is issued?

Mr. Foster: Now, my recollection is that the authorized capital

is \$175,000 and that there is \$169,500 issued.

Commissioner Harlan: What was the cost of these nine miles of road?

Mr. Foster: It was \$169,500, with its equipment; it was a very difficult country to go through, and the grades-

Commissioner Harlan: What was the character of the country? Mr. Foster: Very rough and very hilly. We operate one grade four miles long that averages over three per cent.

Examiner Burchmore: Who is the traffic manager of the Mal-

vern & Freeo Valley, if you have one?

Mr. Foster: I think Mr. F. H. McCormack.

Examiner Burchmore: He is also manager of the lumber company?

Mr. Foster: No; he is sales manager.

Examiner Burchmore: Does he receive any salary from the railroad company?

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Mr. Foster: No. Examiner Burchmore: What employee of the Malvern & Freeo Valley issues the bills of lading, as you have described them being issued?

Mr. Foster: We have a joint agent with the Rock Island and

the Iron Mountain.

Examiner, Burchmore: The bills of lading are not issued by an employee of the Malvern & Freeo Valley who is also an employee of the milling company?

Mr. Foster: Well, my name is used as the joint agent there, but

I do not do it.

Commissioner Harlan: Have you any questions, Judge Cowan? Mr. Cowan: I suppose counsel on the other side desires to ask some questions. We do.

Mr. Armistead: Yes, we do.

Mr. Marsilliot: I notice it is six minutes of one o'clock, and it occurs to me that it might be well to take it up after lunch.

Commissioner Harlan: You raise a very important question. We will now adjourn until two o'clock.

Whereupon, at 12:44, a recess was taken until 2:00 P. M.

After Recess.

2.00 P. M.

H. H. Foster resumed the stand.

Mr. Armistead: Your Honor asked immediately before adjournment if we desired to ask this witness any questions, and in reply I stated that we did, and Judge Cowan indicated that he desired to ask some questions, and I would really prefer that Judge Cowan examine him first, because his questions might suggest matters that I might wish to attempt to clear up.

Mr. Cowan: That is immaterial to me. 1 supposed, being intervenors, we would come at the tail end, that is all, but it does not

make any difference.

Commissioner Harlan: You may proceed now, Judge Cowan, and we will think that question over as to the future examinations.

Mr. Cowan: It does not make any difference at all. When you bring the logs from the end of the timber road on by Landers to your mill, the same engine which takes them to the mill brings them from the end of the line?

Mr. Foster: Yes, sir. 88

Mr. Cowan: And you use, of course, the logging cars throughout the entire length of the line?

Mr. Foster: Yes, sir. Mr. Cowan: To whom do you say the cars belong?

Mr. Foster: The railroad company.

Mr. Cowan: Is there any contract between the railroad company and the milling company for the use of the tracks from Landers out to the timber?

Mr. Foster: Yes, sir.

Mr. Cowan: Is that a written contract? Mr. Foster: Yes, sir.

Mr. Cowan: Will you file a copy of it, if quite agreeable?

Mr. Foster: Sir?

Mr. Cowan: Will you please file a copy of it as part of your evidence, and hand it to the stenographer?

Mr. Foster: Will you make a memorandum of it?

Mr. Armistead: I am going to ask to have that incorported in the record; it is already on file with the Commission. If it is not, it is a mere oversight.

Mr. Cowan: Have you any depot at Landers? Mr. Foster: No.

Mr. Cowan: A switch there? 89

Mr. Foster: Yes, sir.

Mr. Cowan: What sort of a switch is that; just a siding?

Mr. Foster: Like any other switch; I don't know what you mean by what sort of a siding, it is a switch. Mr. Cowan: Does it run to anything, or is it just a siding for

trains to pass? Mr. Foster: It is a spur; the railroad tracks probably extend 500

feet beyond the point where the logging road branches off.

Mr. Cowan: How would one looking at it know which was the logging road and which was the railroad?

Mr. Foster: I don't think they could tell by looking at it.

Mr. Cowan: Whereabouts at this place called Landers, there being no depot, do these logs enter interstate commerce as a movement on the milling in transit rates? Just where do they enter that traffic?

Mr. Foster: At that junction between the logging railroad and the

Malvern & Freeo Valley tracks.

Mr. Cowan: How do you arrive at that idea; how would you tell it?

Mr. Foster: It is the end of the incorporated line.

90 Mr. Cowan: Because it is the end of the incorporated line? Mr. Foster: Yes, sir.

Mr. Cowan: Is there any other reason for it?

Mr. Foster: I do not know that there could be. It is the end of the incorporated line, and it begins interstate traffic at that point.

Mr. Cowan: Have you any contract with either the Rock Island or the Iron Mountain that so provides in the contract?

Mr. Foster: We have a contract with the Rock Island. have not with the Iron Mountain.

Mr. Cowan: That contract provides that this becomes interstate commerce when it passes this point at Landers?

Mr. Foster: The rates are made effective at Landers.

Mr. Cowan: And that is rates on what? Mr Foster: On logs; it is on lumber.

Mr. Cowan: Which is it?

Mr. Foster: With a milling in transit privilege.

Mr. Cowan: Have you the tariff which specifies that? Mr. Foster: No, I have not.

Mr. Cowan: Have you ever seen the tariffs which specify this milling in tracsit?

Mr. Foster: I think I have; I think it is so specified in

Mr. Cowwan: When you haul these logs down to the mill of course you put them in some pond, I assume?

Mr. Foster: Yes, sir.

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Mr. Cowan: Who does that for you, does the lumber company do that?

Mr. Foster: Yes, sir,

Mr. Cowan: Or does the railroad company do it?

Mr. Foster: The lumber company.

Mr. Cowan: Where does the lumber company take charge of the logs for the purpose of putting them in the pond?

Mr. Foster: When they are loaded at the log platform, built for the purpose of putting them into the pond.

Mr. Cowan: The lumber company, then, does the unloading? Mr. Foster: Yes, sir.

Mr. Cowan: Is the lumber company at all of the expense up to this point at Landers, all expense back of that the lumber company is at, is it?

Mr. Foster: Yes, sir; absolutely.

Mr. Cowan: How much does it cost you to haul these logs from

Landers up to this platform at the unloading place?

Mr. Foster: How much does it cost from Landers Mr. Cowan: To the unloading place; how much does it

cost the railroad company?

Mr. Foster: We have no data here to tell you, sir. Mr. Cowan: Have you any data anywhere to tell?

Mr. Foster: Yes, sir.

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Mr. Cowan: Where is that?

Mr. Foster: At the office at Malvern.

Mr. Cowan: Do you keep a separate account of the expense of hauling the logs from Landers up to that platform?

Mr. Foster: Yes, sir.

Mr. Cowan: What does that expense consist of?

Mr. Foster: Maintaining the track, maintaining the equipment. transportation, office expense.

Mr. Cowan: Maintenance of what equipment?

Mr. Foster: The maintenance of the engines, the maintenance of the logging cars. Mr. Cowan: You keep that separately for your road engine? Mr. Foster: Yes, sir.

Mr. Cowan: You do not recall now how much that costs?

Mr. Foster: No.

Mr. Cowan: Do you keep the mileage of your logging ears?

Mr. Foster: No, sir.

Mr. Cowan: Do you keep the mileage of this road engine? 93 Mr. Foster: No. sir.

Mr. Cowan: How many road engines have you in that service?

Mr. Foster: On the main line?

Mr. Cowan: Yes; that take the train from Landers, on to this unloading platform.

Mr. Foster: We have one engine.

Mr. Cowan: How many?

Mr. Foster: One engine does the work.

Mr. Cowan: Do you have any recollection how much it costs you to maintain that engine in a year?

Mr. Foster: I know in a general way it costs about \$6,000 to maintain an engine for a year.

Mr. Cowan: \$6,000? Mr. Foster: Yes, sir.

Mr. Cowan: How do you know that?

Mr. Foster: I know it from general information and general

experience with engines.

Mr. Cowan: Did you ever examine into any of the annual reports of the Rock Island or the Iron Mountain to find out that it costs generally about half that?

Mr. Foster: No.

Mr. Cowan: It is, you say, a 45 ton engine? 94

Mr. Foster: Yes, sir.

Mr. Cowan: Was it new or second hand when you bought it? Mr. Foster: The ro-d engines were bought second hand.

Mr. Cowan: And from whom were they obtained?

Mr. Foster: Different parties.

Mr. Cowan: By "parties," you mean different railroads?

Mr. Foster: No, sir; from none of the railroads.

Mr. Cowan: How is that?

Mr. Foster: We did not buy them from the railroads at all; we bought most of them in Chicago from F. M. Hicks.

Mr. Cowan: Then you have the original cost of this engine?

Mr. Foster: Yes, sir.

Mr. Cowan: Do you keep the expense of fuel used in that engine by the mile; do you keep that separately for this track between Landers and that unloading station?

Mr. Foster: We keep our railroad books in accordance with the instructions of the Commission, and make those reports to them, and

they accept them.

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Mr. Cowan: I wondered how you kept your accounts to know how the expense of operation was on this incorporated road, doing what you claim is the interstate business.

Mr. Foster: It is a very easy proposition; it is entirely

separate from the other.

Mr. Cowan: How do you keep it separate, if you do not keep the fuel account—

Mr. Foster: We do keep the fuel account; we charge it with all the coal furnished us; it has got a large bin of its own.

Mr. Cowan: Now, that means all the coal that it burns?

Mr. Foster: It means the coal that is used on the main line; yes, sir.

Mr. Cowan: That is what I was asking. Do you keep that separate from Landers on?

Mr. Foster: Yes, sir; from Landers on to Walco.

Mr. Cowan: You keep that coal separate?

Mr. Foster: That coal is in a separate bin by itself, and all the supplies and everything that enter into that part of the road.

Mr. Cowan: I thought you said this engine went down into the woods and got the cars.

Mr. Foster: It does.

Mr. Cowan: How do you manage by keeping it in a separate bin to keep a separate account of the cost of the amount consumed between Landers and Walco? You load up your tender

96 with coal and make the trip and back?

Mr. Foster: Yes, sir.

Mr. Cowan: By what method do you keep it separate from Landers up to Walco?

Mr. Foster: Well, in that particular, I do not think it is kept separate, sir, any more than it is an estimate of what is used on the main line, when she makes that trip.

Mr. Cowan: Do you keep separate the wages of your engineer and

fireman?

Mr. Foster: On the main line?

Mr. Cowan: Separate from Landers up to Walco, to what it is on the balance of the trip after you get the cars?

Mr. Foster: No.

Mr. Cowan: These men make that round trip in a day?

Mr. Foster: They make three of them.

Mr. Cowan: And they work for you from Landers out, to where they get the train and come back to Landers; is that right? I mean work for the lumber company?

Mr. Foster: They work for the railroad company all the way.

the entire trip.

Mr. Cowan: The service, then, beyond Landers is for the Mal-

vern & Freeo Valley Railroad Company?

Mr. Foster: The Malvern & Freeo Valley Railroad Com-97 pany performs it, and the lumber company pays them for it beyond Landers.

Mr. Cowan: That is so much a thousand for the logs?

Mr. Foster: Yes, sir.

Mr. Cowan: Are there any separate entries in fact in the books of the Malvern & Freeo Valley Railroad, to show the expense of that engine while on the track of the incorporated company, compared to the expense on the track of the other company?

Mr. Foster: I think not.

Mr. Cowan: After you have unloaded your logs into the pond,

how long until you saw them?

Mr. Foster: We have a pond capacity of about half a million feet of logs, and a mill capacity of about 175,000 feet a day. Now, we may get logs in the pond that will lay there a year; ordinarily they are sawed within 24 hours.

Mr Cowan: Do you know anything about where the lumber is going to that you make out of those logs when they are put into

the pond?

Mr. Foster: No.

Mr. Cowan: Do not have any idea?

Mr. Foster: Not the slightest.

98 Mr. Cowan: Do not have any idea what the rates are going to be on that lumber?

Mr. Foster: Not the slightest.

Mr. Cowan: And-you do not know whether it is going intrastate or not?

Mr. Foster: No.

Mr. Cowan: It may go to Little Rock or some other place in Arkansas?

Mr. Foster: No.

Mr. Cowan: When you make out a bill of lading for the shipment of a carload of lumber, do you make the bill of lading read as the point of origin at Landers?

Mr. Foster: Yes.

Mr. Cowan: But it is not, in point of fact, there?

Mr. Foster: Not as lumber; it is milled into lumber, and it starts as logs there.

Mr. Cowan: Suppose that lumber is going to a Texas point; did the logs start from Landers to Texas?

Mr. Foster: Yes, sir.

Mr. Cowan: How do you know that, when it goes into the pond, and you do not know where it is going to from that?

Mr. Foster: Because there are absolutely no other logs go

into the pond.

Mr. Cowan: Except what logs go to Texas?

Mr. Foster: Except what logs I might send there. Do you mean the mill's particular logs?

Mr. Cowan: Yes.

Mr. Foster: It is absolutely the only log supply we have which come over that road.

Mr. Cowan: But when you bill out a car of lumber to Texas, you make that billing from Landers?

Mr. Foster: Yes, sir.

Mr. Cowan: Because you brought the logs from there?

Mr. Foster: Yes, sir.

Mr. Cowan: But those logs did not start to Texas. They may

have started to anywhere that the lumber happens to go?

Mr. Foster: Well, they started for Texas as much as any milling in transit proposition; as much as a bushel of corn starts for Europe, or it may start for Asia; it gets milled into corn meal somewhere; you do not undertake to preserve the identity of the particular bushel of corn that went one way or the other, nor do we the logs.

Mr. Cowan: Do you think if the identity of the grain is to be preserved, that therefore the identity of the lumber in

the logs should be preserved?

Mr. Foster: I do not know anything about that.

Mr. Armistead: If I may interpose an objection, I object to that. It is asking the opinion of the witness.

Commissioner Harlan: Well, this gentleman is president of a railroad company, and he ought to know about these things.

Mr. Armistead: It seems to me it just calls for his opinion.

Commissioner Harlan: Well, we want his opinion. It may help us.

Mr. Armistead: All right; I withdraw my objection.

Mr. Cowan: You do not know but what the bill of lading issued today at Landers on lumber which you load out from Walco may have in the car logs that were sent a year before into the mill pond from Landers?

Mr. Foster: Yes, sir; it may have.

Mr. Cowan: What is the use of billing this lumber from Landers? You do not load it there? What is the use of that?

Mr. Foster: To avail ourselves of the milling in transit privilege.
Mr. Cowan: Where is that privilege defined that you avail
yourselves of, that makes it necessary to make a billing from a place where you do not ship the lumber?

Mr. Foster: Sir?

Mr. Cowan: Where is that privilege defined?

Mr. Foster: I think not very many years ago the interstate Commerce Commission said that the operation would come within the limits of the milling in transit privileges.

Mr. Cowan: There was no other purpose in making the bill of

lading read from Landers except to get a division of the rate, was there?

Mr. Foster: That was the purpose.

Mr. Cowan: Is Walco on the line of the Rock Island?

Mr. Foster: It is within about a half a mile; between a quarter and half a mile of it.

Mr. Cowan: It is not on the line of the Rock Island?

Mr. Foster: Not exactly.

Mr. Cowan: Is it on the line of the Iron Mountain?

Mr. Foster: Probably a thousand feet away.

Mr. Cowan: The actual movement of the lumber, then is over that short distance to the connection with each place?

Mr. Foster: We take the cars in there and switch them back

and load them.

Mr. Cowan: Do they bring their engines onto your track

1412 to get these cars, or do you set them on their tracks?

Mr. Foster In the case of the Rock Island, we go in to their tracks after the empties and set the loads, and in the case of the Iron Mountain, their engine just, backs in on the head of their tracks with their empties.

Mr. Cowan: Where you have set the loaded ears?

Mr. Foster: Yes, sir.

Mr. Cowan: About the actual service after the lumber is manufactured, and you know where it is going to; after it is loaded in the car, the actual service is over this short space of track?

Mr. Foster: In the lumber shipped in the form of lumber, yes, sir. Mr. Cowan: And the railroad company hauls no lumber, neither is any loaded at Landers whatever?

Mr. Foster: Not of lumber.

Mr. Cowan: Why not have this three cents allowance, just for the switching from your mill to the Rock Island, and the Iron Mountain tracks? Why not have it applied to the whole movement of the lumber, as you are billing the lumber out?

Mr. Foster: Well, we had the Rock Island to deal with and the Iron Mountain to deal with, and we made the kind of 103

deal we could make, the best deal we could make.

Mr. Cowan: But in most cases why should not the billing be simply from Walco-you say it is on your line and not on theirsto the destination of the lumber, and not from Landers, a place where the lumber never moved from?

Mr. Foster: Because the railroad considered itself well within its rights to have the milling in transit privilege, and that was the way

it had to take its business, and avail itself of it.

Mr. Cowan: Do you estimate what was the cost of the service from Landers to the junction point with the Rock Island and the Iron Mountain?

Mr. Foster: Yes, sir, we know about what it is

Mr. Cowan: Did that form the basis of the three cents per hundred pounds?

Mr. Foster: Yes, sir.

Mr. Cowan: You estimated the cost of the service on the lumber?

Mr. Foster: Yes, sir.

Mr. Cowan: From Landers?

104 Mr. Foster: Yes, sir.

Mr. Cowan: Did you estimate the cost of the service on

the logs?

Mr. Foster: We estimated—the operation is very simple to reduce lumber back to logs or logs back to lumber to get your feetage or

tonnage.

Mr. Cowan: When you estimate the service to be three cents per hundred pounds on lumber, how did you get at the figures; did you estimate that that would be what it would cost if you did move the lumber, or what it had cost you to move the logs?

Mr. Foster: It is what it cost us practically in each case; it cost us that much to move the raw material from Landers to Walco, that is what it would amount to at three cents per hundred pounds turned

into lumber.

Mr. Cowan: Then up to the time you loaded it on the cars at Walco, you estimated in your trade with the Rock Island and the Iron Mountain that it would cost you three cents per hundred pounds to move the logs; that is, three cents per hundred pounds, estimated in lumber measurement, from Landers to your unloading place at the pond?

Mr. Foster: Yes, sir.

Mr. Cowan: You then did not count anything for the switching of these cars of lumber out to the other roads?

Mr. Foster: We estimated that was practically the service we put into it;; I do not know that I could give you just exactly the detail of that, sir, or just how we arrived at it or just what we did. We got the best milling in transit rate we could get.

Mr. Cowan: The rate was fixed at three cents because it was based

on the cost of the service; you are certain of that?

Mr. Foster: That was one of the considerations.

Mr. Cowan: What other one was there, if there was any other?

Mr. Foster: The other consideration was that it was practically what was being paid by the logging road at that time so we were assured when we came down there, for the moving the raw material to the mill.

Mr. Cowan: Who made that trade with the Rock Island? Did

you make it?

Mr. Foster: Yes, sir, I made the trade.

Mr. Cowan: With what man did you make the trade? Mr. Foster: Oh, I dealt with quite a number of them.

Mr. Cowan: But there must have been somebody who came

106 to this common estimate of what it cost.

Mr. Foster: I think the principal part of the trade was made with their division freight agent at that time, Mr. Morrison.

Mr. Cowan: Did you and he sit down and figure what it would cost you to perform this service, or what it would cost them to perform it?

Mr. Foster: No, I did not talk with him about that part of it specially, that I know of. That was my part of it.

Mr. Cowan: Did you talk with him about what it cost to handle this lumber from your loading platform or stack or whatever you call it, out to their tracks?

Mr. Foster: The trade with the Rock Island was made long after we already had a traffic arrangement with the Iron Mountain.

Mr. Cowan: I understand that, but my question was, did you and he estimate what it would cost you to switch this lumber from the place where you loaded the cars over to their tracks?

Mr. Foster: I don't remember.

Mr. Cowan: That did not enter into it.

Mr. Foster: I do not remember the details of the conversa

Mr. Cowan: Did that enter into it at all or not? You

ought to know, you made the trade.

Mr. Foster: I have made hundreds of trades eight or nine years old that I cannot remember the details of, my conversation in regard to them.

Mr. Cowan: You can recollect whether or not you figured what

it actually cost you to move the car when actually loaded?

Mr. Foster: I do know, sir, as a positive fact, that the three cents per hundred pounds practically is the cost of moving the raw material from the edge of the timber at Landers to the mill, the service we perform on it.

Mr. Cowan: To the mill?

Mr. Foster: Yes, sir.

Mr. Cowan: Independent of the cost of switching the car of lum-

ber to the other tracks?

Mr. Foster: Yes, I think that represents practically the cost of the service that we perform on the logs and lumber, the upkeep of that portion of the road.

Mr. Cowan: Why should the Rock Island pay you for moving the

logs from Landers to your saw mill?

Mr. Foster: Well, they would have the choice, if they wanted the tonnage, of building their own road down there and producing it or else paying us for bringing it up there.

Mr. Cowan: Suppose they had built their own road down to Landers, what would they have gotten? You already had your own to bring the logs to the mill?

Mr. Foster: No.

Mr. Cowan: Didn't you have your road to Landers when you made the trade with the Rock Island?

Mr. Foster: That is where the lumber began; we started from there.
Mr. Cowan: Did you not have your own road to Landers when
you made the trade with the Rock Island, and was it not incorporated at that time?

Mr. Foster: No, it was not.

Mr. Cowan Was it incorporated when you made the contract with the Rock Island?

Mr. Foster: Yes, sir, and this contract is in force now.

Mr. Cowan: If they had built their road to Landers, they would not have gotten lumber, you had no saw mill there?

Mr. Foster: The property would probably have been put up in different shape.

Mr. Cowan: What property?

Mr. Foster: The entire property. Originally it was put up as the two properties together, and it was afterwards separated and incorporated and chartered, one as a railroad and the other as a lumber company.

Mr. Cowan: You already had your mill at Walco, when you made

the trade with the Rock Island?

Mr. Foster: Yes, sir, and we already had the Iron Mountain and

we could have turned the entire traffic to them.

Mr. Cowan: Why should the Iron Mountain pay you for bringing your logs up?

Mr. Foster: Because when we made the trade with the Iron

Mountain, we had neither mill nor railroad.

Mr. Cowan: But why should they pay for bringing the logs to

the mill?

Mr. Foster: They should pay, if they want the traffic, if they want the tonnage, if it costs to go off into the forest after the tonnage, they should either pay us for the service, or perform the service themselves, if they expect to receive the tonnage.

Mr. Cowan: Is that why they did it?

Mr. Foster: I expect that is the reason they did it, to get the tonnage.

Mr. Cowan: Is that your understanding of it?

110 Mr. Foster: Yes, sir; to get the tonnage.

Mr. Cowan: When you made the trade with the Rock Island, you agreed you would give them not less than a certain amount of your tonnage?

Mr. Foster: Yes, sir.

Commissioner Harlan: Are you making that statement now as president of the lumber company or the railroad company?

Mr. Foster: I am talking entirely as the president of the railroad company. I understand that is the one that is being investigated, and I am talking from that standpoint.

Mr. Cowan: This Malvern & Freeo Valley Railroad Company was under no obligation to haul your logs from Landers to the saw mill except what you paid them for doing?

Mr. Foster: Under no obligations to haul the logs from Landers

to the saw mill?

Mr. Cowan: Yes, except what they were paid for doing.

Mr. Foster: Well, I suppose they were not.

Mr. Cowan: And did they at any time agree with the saw mill industry that they would haul your logs for a certain period for a certain amount?

Mr. Foster: To the railroad company?

Mr. Cowan: Yes.

Mr. Foster: They have got a contract with the lumber company to haul the logs, yes, sir.

Mr. Cowan: What do they charge for hauling the logs from Lan-

ders to Walco?

Mr. Foster: They do not charge the lumber company anything. They controlled the tonnage and sold the tonnage.

Mr. Cowan: They sold the tonnage?

Mr. Foster: They sold the tonnage to the Rock Island and Iron

Mr. Cowan: Does the lumber company get any advantage out of that?

Mr. Foster: Only just what you please to call the community of

interests, they are both held by the same stockholders. Mr. Cowan: As representing the lumber company, would you have any objection to the cancellation of that allowance of three cents per hundred pounds to the railroad company?

Mr. Foster: I should think I should. I do not see any reason

why I should not object.

Mr. Cowan: Why should you object to it? Mr. Foster: Because I have got myself to consider in all the interests I have got charge of and am responsible for.

Mr. Cowan: The lumber company owns the stock in the railroad company?

Mr. Foster: Yes.

Mr. Cowan: If the railroad company gets a profit out of this three cents a hundred pounds, the lumber company gets it, because the lumber company owns the stock?

Mr. Foster: They get it through their dividends in their stock

holdings in the Malvern & Freeo Valley Railroad.

Mr. Cowan: Before you had this contract with the Rock Island. and before you were incorporated, did you get the allowance then? Mr. Foster: Yes.

Mr. Cowan: Who got that? Mr. Foster: The railroad company.

Mr. Cowan: It was not a company then; it was not incorporated. Mr. Foster: It was not an incorporated railroad; it was a railroad.

Mr. Cowan: It was a railroad, but was simply a road that was built by the lumber company?

Mr. Foster: Yes.

Commissioner Harlan: He explained that this morning: 113 that there was no chartered company, and he says the railroad got it, and he also said that the lumber company got it after the railroad got it.

Mr. Cowan: Why was the road incorporated; what business

reason led you to incorporate the railroad?

Mr. Farrar: Why, to be—that was done for the express purpose of legalizing as far as we knew how, the custom that had been in existence in Arkansas and Louisiana for years and years, since the establishment of the lumber business.

Mr. Cowan: Legalizing what?

Mr. Foster: Upon the payment of compensation from the trunk lines to the logging railroads for bringing the raw material to the mill; it was the custom throughout the country.

Mr. Cowan: The expense of maintenance of \$6,000 per annum

for the engine; did that include the salary of the engineer and the fireman?

Mr. Foster: Yes, sir.

Mr. Cowan: And also the repairs on the engine and the fuel?

Mr. Foster: Yes, sir; that is only a general estimate.

Mr. Cowan: Yes. You have these items separate, though?
Mr. Foster: We have our books and our accounts, kept in

114 accordance with the instructions of the Interstate Commerce Commission.

Mr. Cowan: Do you pay the railroad company anything for the use of cars that are set over on your track?

Mr. Foster: No. sir.

Mr. Cowan: Do they pay you anything if you deliver them back in a certain length of time?

Mr. Foster: No, sir; I think there has never been anything be-

tween us.

Mr. Cowan: You have no demurrage rules, then, so-called?

Mr. l'oster: None that are operative; none that we take advantage of.

Commissioner Harlan: And no per diem rules?

Mr. Foster: No. sir.

Commissioner Harlan: Any demurrage charged against the lumber company?

Mr. Foster: Yes, sir; in case we held the cars.

Commissioner Harlan: What was the last case you recollect?

Mr. Foster: Of a demurrage? Commissioner Harlan: Yes.

Mr. Foster: I have no recollection of one.

Commissioner Harlan: To whom does the lumber com-

115 pany pay it?

Mr. Foster: They pay it to the owner of the car.

Commissioner Harlan: The Rock Island or the Iron Mountain? Mr. Foster: The Rock Island or the Iron Mountain; yes, sir.

Mr. Cowan: How much free time do you have before you have to pay any demurrage?

Mr. Foster: I think it is 48 hours.

Mr. Cowan: How much is it per day?

Mr. Foster: One dollar.

Mr. Cowan: One dollar a day?

Mr. Foster: Yes.

Mr. Cowan: You have not your annual report here, that you make to the Interstate Commerce Commission?

Mr. Foster: No, sir.

Mr. Cowan: Speaking of the selling price of lumber which you mentioned, what do you base that on with respect to the freight rates, say, for example, you are selling a carload of lumber to go to a Texas point or one to Oklahoma City; doubtless you send lumber to most places—what is the basis of the price of that lumber with respect to the rate of freight?

Mr. Foster: It is the weight of the lumber, multiplied by the rate from Landers to Oklahoma City or Texas, or wher-

the rate from ever it goes.

Mr. Cowan: When you quote to the man you sell the lumber to a price for the lumber, do you quote it with the freight paid or F. O. B. at your mill?

Mr. Foster: We quote him freight paid, and we accept the ex-

pense bill as part of the remittance.

Mr. Cowan: And that is practically universally the case? Mr. Foster: Yes, sir.

Mr. Cowan: Then your lumber would net you the same, whether you sold it to go to Texarkana, Little Rock, Fort Worth, Oklahoma City or Chicago?

Mr. Foster: Yes, sir; it would be higher or lower according to

the freight rate, delivered.

Mr. Cowan: That is, higher or lower to the producer?

Mr. Foster: At the point of destination, but the same at the mill. Mr. Cowan: What other traffic does the Rock Island get at Walco except from your mill?

Mr. Foster: They get the inbound tonnage on all our commis-

sary supplies, camp supplies-

Commissioner Harlan: That is to be shown by exhibits 117 filed by this witness. I think perhaps you need not ask for details.

Mr. Foster: I was asked for the inbound tonnage over the Rock

Island.

Commissioner Harian: You are to furnish that for three years. Mr. Cowan: Do they get anything except that which comes off of

your road, going into and out of your mill, or-

Mr. Foster: That has been growing in small quantities; as I stated before, the revenue to the Malvern & Freeo Valley outbound on that class of tonnage has been \$200 to \$400 a month, and has been for some time.

Mr. Cowan: They have no station there at Walco?
Mr. Foster: They have an agent.

Mr. Cowan: Who occupies part of your offices?
Mr. Foster: Yes, sir.
Mr. Cowan: Who is that agent?

Mr. Foster: I am.

Mr. Cowan: That is all.

Mr. Armistead: The Malvern & Freeo Valley extends in a southerly direction from Walco to the terminus at Landers, does 118 it not?

Mr. Foster: Rather southeast; it bears off to the east.

Mr. Armistead: What are the timber holdings or the estimated cut of timber in that contiguous territory belonging to the Wisconsin & Arkansas Lumber Company?

Mr. Foster: The present time? Mr. Armistead: At the present time.

Mr. Foster: About 500,000,000 feet.

Mr. Armistead: What period of time do you anticipate, if you have made estimates, will be required to cut that timber?

Mr. Foster: Somewhere from twelve to fourteen years.

Mr. Armistead: So that this tonnage will be there for that period, for that length of time, estimated?

Mr. Foster: Yes, sir.

Mr. Armistead: What estimated cut had you there when the railway line which is now incorporated and known as the Malvern &

Freeo Valley was first laid?

Mr. Foster: The lumber company held, when we laid the rails, about 600,000,000 feet of timber, and we estimated that there was about 300,000,000 feet which we could acquire title to as we went on. The original deal contemplated about 600,000,000 feet of timber.

Mr. Armistead: Is there any reasonably practical or feasible method of logging that country; that is, transporting the

logs out of it, other than by railway?

Mr. Foster: No, sir. It must come that way; there are no other facilities.

Mr. Armistead: What is the character of the country with refer-

ence to its topography?

Mr. Foster: It is rough, hilly country, cut in two by a ridge that is the back bone between the Ouachita and Saline Rivers; this ridge runs right through the middle of them, and the streams on each side cut it down into valleys and hills.

Mr. Armistead: What sort of a line has your incorporated line, the Malvern & Freeo Valley, with reference to construction and per-

manence?

Mr. Foster: Well, construction, standard ties, standard gauge, 45 pound steel, well drained, and a road that we can run as fast as they can run on any road, and well kept up.

Mr. Armistead: Do you hold yourselves out to the public as a common carrier, in that you are ready to perform any service that

is offered?

Commissioner Harlan: We will not stop on that It is incorporated as a common carrier, and it must be assumed that in all these cases that affirmative reply will be made to these questions. The question is whether there is any stuff there to carry.

Mr. Armistead: Is this a country adapted to farming, when

denuded of timber?

Mr. Foster: Yes. sir.

Mr. Armistead: What crops are raised in that soil?

Mr. Foster: Cotton and corn, principally.

Mr. Armistead: Fruit?

Mr. Foster: Good fruit country. It has not been developed.
Mr. Armistead: Is it not a fact that it is a strawberry and canteloupe country immediately around there?

Mr. Foster: Yes, sir; good fruit country.

Mr. Armistead: Have you any prospects of extending this road?

Mr. Foster: Yes, sir.

Mr. Armistead: What are they?

Mr. Foster: The road was originally chartered to Lono, a small town, and we are within about five miles of it, and we have been

urged and are contemplating now the extension of the line to Lono.

121 Mr. Armistead: What is there at Lono?

Mr. Foster: It is a little, small country village; it is the headquarters for the farmers about there.

Mr. Armistead: Farming country around there?

Mr. Foster: Yes, sir. Very well developed farming country. It is right on that ridge; it is a little farming center, is what it is.

Mr. Armistead: We will ask leave to file as a part of the record in this case the contract between the railroad company and the Wisconsin & Arkansas Lumber Company, which has been referred to in the examination. I believe it is on file with the Commission.

Commissioner Harlan: Then it need not be filed again.

Mr. Armistead: We would ask leave to file a detailed statement in the way of a tabulated statement and explanation for the tabulation, of the cost of the construction of this road, the cost of the operation, the net and gross earnings, the character of freight or traffic from which these earnings are derived, and a copy of the charter granted to the road by the State of Arkansas.

Commissioner Harlan: That need not be filed. It is the

122 ordinary charter, I suppose, under the State law.

Mr. Armistead: We would ask leave to file and make part of this record a map of the Malvern & Freeo Valley Railroad, drawn on scale, showing the physical location of the railroad, the physical location of the lines of the connecting carriers, the St. Louis, Iron Mountain & Southern and the Chicago, Rock Island & Pacific, the location of the town of Malvern, the station of Walco, the mill of the Wisconsin and Arkansas Lumber Company and the logging operations of the lumber company at the terminus of the Malvern & Freeo Valley Railroad and approximately the topography of the country, and also the location of the timbered lands of the Wisconsin & Arkansas Lumber Company. I will state to your Honor that the usual maps drawn with rough approximations would not be proper, and we want to file a map drawn to scale by an engineer, and we will have to prepare such a map.

Commissioner Harlan: Very well.

Mr. J. L. Coleman: Is all of this inbound freight destined to your stores?

Mr. Foster: The inbound is consigned to the Wisconsin & Arkansas Lumber Company.

Mr. J. L. Coleman No other storekeeper operates in that 123 territory?

Mr. Foster: Not at Walco; no. sir.

Mr. J. L. Coleman: Do you make a local rate from Walco to the Commissary on the inbound stuff?

Mr. Foster: No. this Malvern & Freeo Valley has no local rate

there.

Mr. J. L. Coleman: How do you account for the fact that no other storekeeper operates in that territory?

Mr. Foster: At Walco?

Mr. J. L. Coleman: At any other of your commissary points.

Mr. Foster: Well, we have just got one. We have two commissaries, one in the woods and one at the mill.

Mr. J. L. Coleman: And of course your company wants to keep

control of that?

Mr. Foster: Yes, sir; we own it lock, stock and barrel.

Mr. J. L. Coleman: Do you interchange transportation with trunk line railroads?

Mr. Foster: Yes, sir.

Mr. J. L. Coleman: Does the Rock Island or the Iron Mountain Railroad give to your officers transportation?

Mr. Foster: We have two annuals on each road.
Mr. J. L. Coleman: One for whom?

124 Mr. Foster: One from each road for myself, and one from each road for F. H. McCormack.

Mr. J. L. Coleman: Is he the traffic manager?

Mr. Foster: Yes, sir.

Mr. J. L. Coleman: Also he is salesman for the lumber company?
Mr. Foster: He is the general superintendent for the lumber com-

Mr. J. L. Coleman: And he is also sales manager for the lumber company?

Mr. Foster: He handles the sales.

Mr. J. L. Coleman: I suppose in the course of his business for the lumber company he would use those annuals in traveling?

Mr. Foster: Well, I don't know whether-

Commissioner Harlan: If he is wide awake the Commission should suppose he does use those annuals, unless this witness says he does not.

Mr. J. L. Coleman: That is what I want to know.

Mr. Foster: Well, he does.

Mr. J. L. Coleman: Do you use yours?

Mr. Foster: Yes, sir; repeatedly. Every day of my life.

Mr. Coleman: So when you get transportation from the trunk line railroads, you use it in soliciting business for the lumber company?

Mr. Foster: I do not undertake to dissolve myself from one relation to the other every time I get onto a train. I have the trans-

portation, and I use it.

Mr. J. L. Coleman: So if you were going on lumber business, competing with some other lumber company, you would assume that you were still president of the railroad and use that transportation?

Mr. Foster: I think I would assume it; yes, sir.

Mr. J. L. Coleman: Now, Mr. Foster, why did you not incorporate the logging railroad from Landers to the woods?

Mr. Foster: Well, we did not want to incorporate it.
Mr. J. L. Coleman: Well, is that the best answer?

Mr. Foster: I think that is answer enough, unless the Commission thinks I ought to go into it a little more in detail.

Commissioner Harlan: We want to know all the facts, if there

are any other reasons.

Mr. Foster: We wanted to control that timber company.

Mr J. L. Coleman: You wanted a monopoly?

Mr Foster: Yes, sir-no, we did not want a monopoly, but we

wanted to control that section of the country.

Mr. J. L. Coleman: You wanted to move the lumber right down there from Landers so no other man could come in and acquire timber country afterwards?

Mr. Foster: Yes, sir.

Mr. J. L. Coleman: That is one of the reasons you acquired other territory there?

Mr. Foster: Yes, sir.

Mr. J. L. Coleman: In the course of 14 years, you think all the lumber will be gone?

Mr. Foster: Practically.

Mr. J. L. Coleman: Well, will you take up your railroad track?

Mr. Foster: I could not tell you?

Mr. J. L. Coleman: You do not know?

Mr. Foster: No.

Mr. J. L. Coleman: So you don't know whether this road will be

a lumber road or not?

Mr. Foster: I do not imagine we will ever take the road up. I do not know whether we will continue to operate it ourselves or not. We may sell it.

Mr. J. L. Coleman: Is it not true it is used now solely as an in-

cident to the manufacture of lumber?

127 Mr. Foster: It is used largely in that traffic. Its principal traffic is the raw material from Landers to Waleo.

Mr. J. L. Coleman: This land which promises cotton and corn and fruit has not produced any yet?

Mr. Foster: Oh, yes; that is quite a very productive farming coun-

Mr. J. L. Coleman: But it is not shipped over your road?

Mr. Foster: No. Not a great deal of it.

Mr. J. L. Coleman: Have you a through rate on merchandise in bound?

Mr. Foster: We have to Walco.

Mr. J. L. Coleman: From St. Louis and Chicago?

Mr. Foster: On inbound? Mr. J. L. Coleman: Yes.

Mr. Foster: You mean the railroad company?

Mr. J. L. Coleman: The lumber company or anybody?

Mr. Foster: No.

Mr. J. L. Coleman: Is there a through rate from St. Louis to Walco?

Mr. Foster: I think so.

Mr. J. L. Coleman: Do you get a division of that through rate?

128 Mr. Foster: No.

Mr. J. L. Coleman: You do not?

Mr. Foster: No.

Mr. J. L. Coleman: Who are the other earriers making that through rate?

Mr. Foster: The Iron Mountain. Mr. J. L. Coleman: And who else?

Mr. Foster: The Rock Island.

Mr. J. L. Coleman: How could it be a through rate if there is only one road in it?

Mr. Foster: The Iron Mountain is absolutely at our doors.

Mr. J. L. Coleman: I do not want to have you misunderstand me. I asked if there is a through rate on the merchandise to Walco.

Mr. Foster: Yes.

Mr. J. L. Coleman: If there is, there must be more than one car-

rier joining in it.

Mr. Foster: I do not know why. Walco is on the Iron Mountain, just as much as it is on the Malvern & Freeo Valley. Walco can have two railroads and not necessarily have to ship in anything, it ships in over both of them.

Mr. J. L. Coleman: Didn't you say to Mr. Cowan just now you had a switch from your Walco place to these other roads?

Mr. Foster: Yes.

Mr. J. L. Coleman: Well, what is the answer?

Mr. Foster: The answer is that for inbound merchandise the main line of the Iron Mountain Railroad is within 200 feet of the commissary.

Mr. J. L. Coleman: But for outbound merchandise?

Mr. Foster: It is the same place. The facilities are such for the lumber company that they did not have their planing mill on the same spot they have the commissary.

Mr. J. L. Coleman: It depends which way you look at it; whether

from St. Louis or Walco; if it forms a connection.

Mr. Foster: We can get there inbound from the Iron Mountain or send it out locally, without its going over the Malvern & Freeo Valley at all, but we cannot ship carloads that way, and the lumber business is a carload business.

Mr. J. L. Coleman: When you had this transfer from the lumber company to the railroad company of all the equipment, and when you decided upon a capital stock, did you acquire, as being represented by that \$175,000 of capital stock, all of the equipment?

Mr. Foster: Yes, sir.

130 Mr. J. L. Coleman: You included that used on the logging road?

Mr. Foster: Yes.

Mr. Coleman: And as a matter of fact, though, that is used solely for the lumber company?

Mr. Foster: No.

Mr. J. L. Coleman: And not the logging road?

Mr. Foster: You mean the rails of the logging road? No, sir; that never entered into the cost of the main line of the Malvern & Freeo Valley or in any way into the \$169,000, that is represented by stocks.

Mr. J. L. Coleman: Do not misunderstand me. I mean equip-

ment, cars and engines.

Mr. Foster: Yes, sir; the equipment, cars and the engines, and

the nine miles of road, with its grade and right of way and bridges, and everything that goes with it cost \$169,000 and belongs to the railroad company.

Mr. J. L. Coleman: True, but some of those cars and engines are

used on the logging railroad.

Mr. Foster: They are rented at an annual rental provided for in the contract.

Mr. Coleman: Supposing these divisions were cancelled, would you stop milling?

Mr. Foster: I do not think we would.

Mr. J. L. Coleman: You would still go on?

Mr. Foster: I expect we would.

Mr. J. L. Coleman: Supposing that divisions were cancelled with every man in a similar situation as your company, the milling business would still go on, I suppose?

Mr. Foster: I anticipate that it would be here with us.

Mr. J. L. Coleman: Have you any objection to telling the Commission what you paid for your acquirement of timber land out in that country?

Mr. Foster: What we paid for the timber? I have, unless the

Commission insists on it. I think-

Commissioner Harlan: We will not go into that question.

Mr. Armistead: That question is directed to the Wisconsin and Arkansas Lumber Company?

Mr. Coleman: Well, the gentleman has difficulty in dissolving

those two relations.

Mr. Armistead: No, he has not, and furthermore, he is not here to be submitted to any insults from you.

Mr. J. L. Coleman: That is all.

132 Examiner Burchmore: You testified that this Malvern & Freeo Valley Railroad was constructed by a regular railroad contractor and paid for by the lumber Company originally?

Mr. Foster: Yes.

Examiner Burchmore: Who furnished the rails and fastenings?

Mr. Foster: We bought them in the open market.

Examiner Burchmore: The rails and fastenings or no part of the line were furnished by the Iron Mountain?

Mr. Foster: No. not a foot of them by any railroad. We bought and paid for the new rails in the open market.

Commissioner Harlan: Do you have an agent at Landers-

Mr. Foster: Yes, sir.

Commissioner Harlan: Wait a moment, I am not finished. To accept the logs that come in on the logging road and bill them out?

Mr. Foster That is all done on the outbound shipments of the lumber. There are no bills made on the Malvern & Freeo Valley, except we keep a record of the cars that go over the road every day and they are loaded just as full as they will carry, and at Walco it is cut into lumber and dried and put through the planing mill, and then the bills of lading are made as the shipments are made into the country.

Commissioner Harlan: I know, but the lumber company does not accept delivery at Landers and re-bill it at that point?

Mr. Foster: From Walco?

Commissioner Harlan: No. from Landers.

Mr. Foster: No, there are no bills made between Landers and Walco.

Commissioner Harlan: No record kept? Mr. Foster: Except the movement of the car.

Mr. Cowan: You answered the Commissioner—he asked you the question which I think you probably misunderstood, if you had an agent at Landers, and you said "yes, sir."

Mr. Foster: The three roads have a joint agency.

Commissioner Harlan: You are talking about Walco?

Mr. Foster: Yes. sir.

Commissioner Harlan: I was asking about Landers.

Mr. Foster: No, there is no agent.

Commissioner Harlan: You do not keep any record or billing there?

Mr. Foster: No. absolutely not.

Commissioner Harlan: The name Walco comes from the initials of the lumber company, does it?

Mr. Foster: Yes, sir.

I understood you to say that the engines that the lumber company had were sold or transferred to the railroad company, the Freeo Valley Company, and 'hen the engines were rented back and a rental paid for use in the logging camps; is that correct?

Mr. Foster: Yes, sir.

Mr Cowan: What was the business reason for selling the engines to the railroad company, which were going to be used by the lumber company, and then leasing the engines back from the railroad company by the lumber company?

Mr. Foster: Well, it was all property that naturally would come under the head of a railroad, and it was all put together and the cost accounted for or made up and the stock for the railroad com-

pany issued accordingly when the transfer was made.

Mr. Cowan: And the same reasons should have applied to the track. The track is a thing that approximately would belong to a railroad?

Mr. Foster: Yes, sir.

Mr. Cowan: You knew that these engines of the sort only fit for a logging camp that happened to be used there or not at all, the railroad company could not use them?

Mr. Foster: Well, they were originally railroad engines, they were engines, almost all of them, which came off the Lackawanna System.

Mr. Cowan: But you stated two engines were-

Mr. Foster: Well, two engines were geared engines, yes, sir, but those are frequently used on railroads in rough countries.

Mr. Cowan: Do your books show the value of the unincorporated part of your railroad?

Mr. Foster: That has been taken care of in logging operations and charged off every year as an operating account.

Mr. Cowan: These rails are in part laid down from place to

places as you may want to reach the timber?

Mr. Foster: Yes, sir.

1:46

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Mr. Cowan: And they are here today, and away tomorrow-

Mr. Foster: That is true of a large portion of the track. Of course we start in in the timber nearest the mill, and keep on through and leave the track which will take care of the timber farthest away, and it becomes a logging road.

Mr. Cowan: If the railroad company were to lease two or three miles beyond Landers, you might just as well bill it

from out there as from Landers?

Mr. Foster: If they had tracks down there, I suppose they could do it.

Mr Cowan: That is all.

Commissioner Harlan: That seems to be all. You are excused

Mr. Armistead: Do you desire us to bring the other employees?

The call came rather unexpectedly.

Commissioner Harlan: That is for you to say.

Mr. Armistead: Some other attorneys are going to ask the Commission to hold a session at Little Rock before an Examiner. I do not know what the Commission will do, but could we take in other

witnesses at that time; anything that might occur to us?

Commissioner Harlan: That can be determined later. Perhaps it might be well to say that after the Red River & Gulf is disposed of, we will take up the Crittenden Railroad and the Crossett Railroad, and possibly that will consume the afternoon. Perhaps here interested in other railroads may perhaps want to be excused until tomorrow morning. We will first go through the Red River & Gulf and then the Crittenden and then the Crossett Railroad, and we will reserve the Prescott & Northwestern this afternoon also.

Red River & Gulf Railroad Company.

Commissioner Harlan: Is the Red River & Gulf Railroad Company ready?

Mr. Farrar: Yes, sir.

Commissioner Harlan: How many witnesses have you?

Mr. Farrar: I have only one. I have some documents to offer first. We offer the certified copy of the charter and amended charter of the Red River & Gulf Railroad.

Commisioner Harlan: Let me say that all your exhibits that are now in the record are considered as being in the record for all purposes. That is our practice. You need not get on the record what

you have just offered, if it is already there.

Mr. Farrar: I will then make a general offer of the documents annexed to the petition. Under the statement made by the Commissioner, the Red River & Gulf offers the documents annexed to and made part of its petition in this case.

J. S. Crowell was called as a witness, and having been duly sworn, testified as follows:

Direct examination:

Mr. Farrar: What connection have you with the Red River & Gulf Railroad?

Mr. Crowell: General manager of the Red River & Gulf Railroad.
Mr. Farrar: How long have you been general manager of the company?

Mr. Crowell: Since the organization in 1906, in the latter part of

1906.

Mr. Farrar: I show you this blue print, and ask you if that blue print correctly indicates the lines, route and connections of the Red River & Gulf Railroad.

Mr. Crowell: It does.

Mr. Farrar: What are the two termini of that road?

Mr. Crowell: Long Leaf, Louisiana, and Lecompte, Louisiana.

Mr. Farrar: On what line of railroad is Long Leaf?

Mr. Crowell: Long Leaf is on the Red River & Gulf Railroad and the St. Louis, Iron Mountain & Southern Railway.

Mr. Farrar: On what line is Lecompte?

Mr. Crowell: Lecompte is on the Rock Island, the Southern Pacific and the Texas & Pacific.

Mr. Farrar: Do the Texas & Pacific and the Southern Pacific at Lecompte use separate tracks, or do they use the same tracks?

Mr. Crowell: They use joint tracks; the same tracks.
Mr. Farrar: What is the length of the line of this road?

Mr. Crowell: 1234 miles.

Mr. Farrar: How many stations are there on this road?

Mr. Crowell: Six or seven stations. Mr. Farrar: What are their names?

Mr. Crowell: Long Leaf, Hurricane Creek, Forest Hill, Stamps Junction, Randolph, Holdup, Togo, Spring Hill and Lecompte.

Mr. Farrar: Are those stations flag stations or regular stations?
Mr. Crowell: They are all flag stations except the two termini

and the Togo station.

Mr. Farrar: How many mills are there on the line of that road?

Mr. Crowell: There is one mill at Long Leaf, and there is a mill

Mr. Crowell: There is one mill at Long Leaf, and there is a mill location at Togo; the mill burned recently.

140 Mr. Farrar: Recently burned?

Mr. Crowell: Yes, sir.

Mr. Farrar: Does this map correctly show the location of the mill which you say is at Long Leaf?

Mr. Crowell: Yes, sir, it does,

(The map so offered and identified was received in evidence and thereupon marked Red River & Gulf Railroad Exhibit No. 1, witness Crowell, received in evidence December 8, 1910, and is attached hereto.)

Mr. Farrar: Whom does the mill at Long Leaf belong to?
Mr. Crowell: To the Crowell & Spencer Lumber Company.
Limited.

Mr. Farrar: Who does the mill at Togo belong to?

Mr. Crowell: To the Lecompte Lumber Company, Limited. Mr. Farrar: What is the equipment of your railroad? Mr. Crowell: We have one locomotive and four cars.

Mr. Farrar: What kind of cars are those?

Mr. Crowell: One is a combination passenger coach and freight car, and the others are flat cars.

Mr. Farrar: How many trains does this road run?

Mr. Crowell: One a day each way.

Mr. Farrar: What business do you do with those trains? Mr. Crowell: We do a general business as a public carrier.

Mr. Farrar: Do you carry passengers?

Mr. Crowell: Yes, sir.

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Mr. Farrar: Do you carry generall freight?

Mr. Crowell: We do; yes, sir.

Mr. Farrar: You have set forth in the petition in this case a detailed statement of the receipts and disbursements of this company for the years 1906, 1907, 1908 and the year 1909. Is that statement correct?

Mr. Crowell: It is; yes, sir; it is verified. Mr. Farrar: You have also set forth in this petition a detailed statement of your receipts on finished lumber from the Crowell & Spencer Lumber Company and on finished lumber from the Lecompte Lumber Company and on miscellaneous freight such as hay, grain, groceries, household goods, cattle, furniture, and so forth, for each of those years; is that correct?

Mr. Crowell: It is correct; yes, sir.

Mr. Farrar: At this point, if your Honor please, we ask leave to file as part of this witness's testimony a similar statement for the vear 1910.

Commissioner Harlan: Very well.

(The statement so offered and identified was received in 142 evidence and thereupon marked Red River & Gulf Railroad Exhibit No. 2, witness Crowell, received in evidence December 8, 1910, and is attached hereto.)

Mr. Farrar: In explanation of two items in this statement, to wit, revenue for trackage from Rock Island gravel trains, and revenue from trackage for the Crowell & Spencer Lumber Company's log trains, we desire to offer the original trackage contract between the Red River & Gulf Railroad Company and the Rock Island, Arkansas & Louisiana Railroad Company, dated the 24th of August, 1907.

Commissioner Harlan: That is the original?

Mr. Farrar: Yes, sir; together with a map annexed which shows that portion of the line of the Red River & Gulf Road to which this trackage agreement applies. It covers only the hauling of gravel out of this pit

(The paper so offered and identified was received in evidence and thereupon marked Red River & Gulf Railroad Exhibit No. 3, witness Crowell, received in evidence December 8, 1910, and is attached hereto.)

Examiner Burchmore: Who was the other party to this contract?

Mr. Crowell: It is the Rock Island, Louisiana & Arkansas.
Mr. Farrar: It is one of the branch lines of the Rock Island. We next offer in evidence the original contract between the Crowell & Spencer Company and the Red River & Gulf Railroad covering contract for logging trains over a portion of this road, together with a map annexed showing what portion of the road is covered—

Commissioner Harlan: That is the Red River & Gulf Railroad

operates logging trains for the lumber company?

Mr. Crowell: No, the lumber company operates logging trains

over a portion of the Red River & Gulf.

Mr. Farrar: Together with a letter of the Railroad Commission of Louisiana, showing that this contract is duly filed with the Railroad Commission of Louisiana.

Railroad Commission of Louisiana, Commissioner Harlan: That need not be filed. The record will show that you offer to prove that, and that the contract has been

filed with the State Commission.

(The paper so offered and identified was received in evidence and thereupon marked Red River & Gulf Railroad Exhibit No. 4, witness Crowell, received in evidence December 8, 1910, and is attached hereto.)

Mr. Farrar: This map or blue print which was offered in evidence here shows this Crowell & Spencer tram road?

Mr. Crowell: Yes, sir; it does.

Mr. Farrar: This is the line marked here running south?

Mr. Crowell: Yes.

Mr. Farrar: Does your road handle any log trains on this tram road?

Mr. Crowell: The railroad company?

Mr. Farrar: Yes.

Mr. Crowell: No, sir, it does not.

Mr. Farrar: Who handles the logging trains on this Crowell & Spencer tram?

Mr. Crowell: The Crowell & Spencer Lumber Company.

Mr. Farrar: Who handles those logging trains when they come under this contract on this portion of the Red River & Gulf?

Mr. Crowell: They are handled under the despatcher of the

Red River & Gulf Railroad.

Mr. Farrar: But I mean to say, whose locomotives are they that

Mr. Crowell: The Crowell & Spencer Lumber Company locomotives and crew.

Mr. Farrar: Has the Red River & Gulf Railroad Company any interest in the operation of that logging road, other than the revenue which it receives under this trackage con-

tract?

Mr. Crowell: None whatever, no.

Mr. Farrar: Does the Red River & Gulf Railroad receive other than the trackage under this agreement, any compensation from the Crowell & Spencer Lumber Company or from any connecting railroad for any of the logs that are hauled over that track?

Mr. Crowell: No, sir; it does not.
Mr. Farrar: In your division of rates with these connecting lines, is any consideration whatever given to the hauling of these logs over this tram track by the Crowell & Spencer Company?

Mr. Crowell: No; none.

Mr. Farrar: You have no milling in transit arrangements whatever?

Mr. Crowell: No.

Mr. Farrar: You have no interests in this logging business what-

Mr. Crowell: None whatever.

Mr. Farrar: What are your relations to the Louisiana Railway Commission?

Mr. Crowell: The relations of any other common carrier 146 railroad; we comply with their requirements.

Mr. Farrar: Do you obey their rules and regulations?

Mr. Crowell: Yes, sir.

Mr. Farrar: Do you make reports to the local Commission?

Mr. Crowell: Yes, sir.

Mr. Farrar: What reports do you make to the Interstate Commerce Commission?

Mr. Crowell: We make monthly and annual reports.

Mr. Farrar: Of what?

Mr. Crowell: Covering the transactions of business. Mr. Farrar: To the Interstate Commerce Commission? Mr. Crowell: To the Interstate Commerce Commission.

Mr. Farrar: How is your road treated in the matter of the assessment in this State?

Mr. Crowell: It is assessed the same as any other common carrier

Mr. Farrar: It is assessed by the Board of State Railroad Commissioners?

Mr. Crowell: Yes.

Mr. Farrar: Is your road liable to taxation or free from taxaation, and if so, why?

147 Mr. Crowell: Free on account of the law that exempts roads from taxation for ten years, except for the rolling stock; we pay taxes on the rolling stock.

Mr. Farrar: You pay taxes on the rolling stock?

Mr. Crowell: And equipment: yes, sir.

Mr. Farrar: But you pay no taxes on your roadbed, because your road was built within the limit provided by the Constitution?

Mr. Crowell: Exactly.

Mr. Farrar: How is your freight that is shipped off from your road handled, in regard to billing?

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Mr. Crowell: We bill it on our own way bills. Mr. Farrar: How do you handle local freight? Mr. Crowell: The same as we do other freight.

Mr. Farrar: You use way bills and bills of lading for local freight?

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Mr. Crowell: Yes, sir.

Mr. Farrar: And how about interestate freight? Mr. Crowell: We do the same on interstate freight. Mr. Farrar: You issue bills of lading?

Mr. Crowell: And way bills.

Mr. Farrar: And way bills also?

Mr. Crowell: Yes, sir. 148

Mr. Farrar: Do you keep a set of books complete?

Mr. Crowell: Yes, sir. Mr. Farrar: I show you these three books, which are called cash book, ledger and journal. Are they the books of your company?

Mr. Crowell: They are; yes, sir.

Mr. Farrar: Do they show a complete condition of your affairs. from the time that this company began to operate down to this date?

Mr. Crowell: They do; yes, sir.

Mr. Farrar: How are the funds of this company kept?

Mr. Crowell: They are kept by the company.

Mr. Farrar: Where? Mr. Crowell: In banks. Mr. Farrar: Where?

Mr. Crowell: Shreveport Commercial National Bank at present

Mr. Farrar: Did you ever keep them any where else?

Mr. Crowell: We did for a while in the Lake Charles National Bank at Lake Charles.

Mr. Farrar: Were the funds of your company at any time ever kept in the custody of any other person or corporation?

Mr. Crowell: No. sir; they were not.

Mr. Farrar: Are the funds of your company now, or were the funds of your company ever at any time mingled with the funds of the Crowell & Spencer Lumber Company?

Mr. Crowell: No, sir; not to my knowledge.

Mr. Farrar: In this petition here you give a list of your stockbolders?

Mr. Crowell: Yes.

Mr. Farrar: Is that list correct?

Mr. Crowell: It is: yes, sir.

Mr. Farrar: Is an account kept in your ledger with each one of those stockholders?

Mr. Crowell: Yes, sir: it is.

Mr. Farrar: Have you a certificate of stock?

Mr. Crowell: Yes, sir.

Mr. Farrar: That book will not be here until tomorrow

Commissioner Harlan: You need not stop on the details of that book. It is true that the stockholders of the lumber company control, by stock ownership, the railroad company?

Ir. Crowell: Yes, sir.

dr. Farrar: They are the same. I am going to prove it.

Commissioner Harlan: That can be admitted now through the witness, that the ownership of the two companies is controlled by the same parties.

Mr. Farrar: Yes, sir, except one share of stock in this comny is not owned by the lumber company. In whose name does stock of this company stand on your books?

Mr. Crowell: In the names of the individuals owning the stock.

Mr. Farrar: Whose names are shown in this ledger?

Mr. Crowell: Yes.

Mr. Farrar: Is there any difference, and if so, what, in the rsonnel of the stockholders of this company and the personnel the stockholders of the Crowell & Spencer Lumber Company? Mr. Crowell: Only a slight difference; one share of railroad ock owned by outside parties.

Mr. Farrar: He is not a stockholder in the Crowell & Spencer

umber Company?

Mr. Crowell: No. Mr. Farrar: Who is that outside party?

Mr. Crowell: James Andrews, Alexandria Mr. Farrar: Has this company declared dividends?
Mr. Crowell: Yes, sir; it has.

Mr. Farrar: To whom have those dividends been paid?

Mr. Crowell: Paid to the stockholders.

Mr. Farrar: Do your ledger and your books show the payment of esc dividends to those individual stockholders?

Mr. Crowell: Yes, sir; they do.

Mr. Farrar: Have you got the receipts of those individual stockolders for those dividends?

Mr. Crowell: Yes, sir.

Mr. Farrar: Can you produce them?

Mr. Crowell: Yes, sir.

Commissioner Harlan: That will not be necessary. We will take ne gentleman's word for all those details.

Mr. Farrar: What becomes of the money that you pay to the

ockholders as dividends?

Mr. Crowell: I can only account for my own. Mr. Farrar: What do you do with yours?

Mr. Crowell: I use it for my individual uses, Mr. Farrar Have you ever known of any instance-Commissioner Harlan I do not think that is necessary

Mr. Farrar, I want to show that neither of these corporations

ever receive any of these dividends. Commissioner Harlan That sufficiently appears 5-2 witness has fully explained that there are two corporations and they are owned by identically the same persons, and the divilends of the lumber company go to the stockholders of that comany, and the dividends of the railroad company go to the stocknolders of that company, and they respectively dispose of their funds is they choose, and that is all of record.

Mr. Farrar: That is what I wanted to show; yes, sir.

Commissioner Harlan: Is James Andrews an employee of the railroad?

Mr. Crowell: He is the attorney of the railroad company, and also for the lumber company. He is not on a salary basis.

Mr. Farrar: Now, sir, who is president of the Lumber Company?

Mr. Crowell: C. C. Crowell, president.

Mr. Farrar: Who is president of the railroad company?

Mr. Crowell: C. C. Crowell: the same.

Mr. Farrar: What difference is there between the officers of the lumber company and this railroad company?

Mr. Crowell: Well, they are identical, with the exception that we

have an auditor for the railroad company.

Mr. Farrar: You have an auditor in the railroad com-153 pany?

Mr. Crowell: Yes, sir.

Mr. Farrar: Is he in any respect an employee of the lumber company?

Mr. Crowell: Yes, sir; he is.

Mr. Farrar: He is an employee, then, of both corporations?

Mr. Crowell: Yes, sir, Mr. Farrar: Is he paid a salary by the railroad company?

Mr. Crowell: Yes, sir.

Mr. Farrar: Are the officers of the railroad company paid any salary?

Mr. Crowell: They are not; no, sir, outside of the one.

Commissioner Harlan: Except the auditor?

Mr. Crowell: Except the auditor.

Mr. Farrar: Now, the employees of the railroad company, the cugineers and firemen and the conductors and trackmen and people of that sort, are they the employees of both corporations or the emplovees of only one?

Mr. Crowell: Only one. Mr. Farar: Which one?

Mr. Crowell: The railroad company.
Mr. Farrar: Have you division rates with all of your railroad connections?

Mr. Crowell: Yes, sir. 154

Mr. Farrar: On all traffic of every sort.

Mr. Crowell: Of every sort; yes, sir, except with the Texas & Pacific, we have not lumber divisions with the Texas & Pacific at present.

Mr. Farrar: Do you divide rates with all of the roads that you connect with?

Mr. Crowell: Yes, sir,

Mr. Farrar: On all kinds of traffic?

Mr. Crowell: Yes, sir.

Mr. Farrar: Except with the Texas & Pacific, and with them you have no lumber divisions?

Mr. Crowell: No.

Mr. Farrar: Did you ever have any lumber divisions with the Texas & Pacific?

Mr. Crowell: Yes, sir.

Mr. Farrar: When were they cancelled? Mr. Crowell: About a year and a half ago.

Mr. Farrar: Why?

Commissioner Harlan: I suppose that division was simply mislaid, was it?

155 Mr. Crowell: How is that?

Commissioner Harlan: What became of that division?
Mr. Crowell: That was cancelled by the Texas & Pacific.

Mr. Farrar: I have just asked you why they cancelled it?

Mr. Crowell: They explained they did not get enough business to justify the continuance of it.

Mr. Farrar: What is your division with the road you connect

with at Long Leaf?

Mr. Crowell: Three cents.

Mr. Farrar: What is your division rate with the Rock Island, that you connect with at Lecompte?

Mr. Crowell: 2½ to 4½ cents; I believe that is correct.

Mr. Farrar: What is your division rate with the Southern Pacific, that you connect with at Lecompte?

Mr. Crowell: Three and four cents.

Mr. Farrar: When we say "Southern Pacific," we mean Morgan's Louisiana & Texas Railroad & Steamship Company, which, though operated as a separate corporation, is known as the Southern Pacific Company?

Mr. Crowell: Yes. sir.

156 Mr. Blair: Known as the Southern Pacific Lines.

Mr. Farrar: Known as the Southern Pacific Lines. I do not mean to say you are utterly lost and swallowed up; you have your identity still left.

Mr. Blair: As the Southern Pacific is denying it is a party to this

suit. I wanted the record straight.

Mr. Farar: Knowing the sensitiveness of the gentleman on that subject, I took his individual fractions and made them parties.

Mr. Blair: And the Southern Pacific also, which was unnec-

essary.

Mr. Farrar: I do not know whether it was necessary, but I thought I would gather them all up.

Commissioner Harlan Well, the record will show. Let us get ahead.

Mr. Farrar: How long have these various divisions which you speak of with these three sets of connecting lines been in force?

Mr. Crowell: They have been in force since the completion of the line, with the exception of the Rock Island Lines, and those were put in after the completion of this line of theirs, which connects with our road.

157 Commissioner Harlan: When was your road organized? Mr. Crowell: In 1905.

Commissioner Harlan When was the track built?

Mr. Crowell: In 1905, and it began business in December of that year.

Commissioner Harlan: Built by the railroad company?

Mr. Crowell: Well, it was built by the Crowell & Spencer Lumber Company.

Mr. Farrar: I was just about to bring that out. Who did the

actual, physical construction of this road?

Mr. Crowell: The Crowell & Spencer Lumber Company.

Mr. Farrar: Who did the title to this road come from, to this corporation?

Mr. Crowell: It passed by deed of record; we deeded the property

over to the railroad company after its completion.

Mr. Farrar: What was the price for which this property was transferred?

Mr. Crowell: \$101,000.

Mr. Farrar: What did that represent?

Mr. Crowell: It represented cash paid out in the construction of the line.

Mr. Farrar: The actual cash paid out?

Mr. Crowell: The actual cash paid out in constructing the line and equipping the line.

Mr. Farrar: What did the Crowell & Spencer Lumber Company receive as a consideration for that deed; what did they get back; what did they receive from the railroad company?

Mr. Crowell: That transaction was handled in this way; a dividend was declared and the money used to cover the purchase of the railroad company.

Commissioner Harlan: Who declared the dividend: which com-

pany?

Mr. Crowell: The Crowell & Spencer Lumber Company.

Commissioner Harlan: Declared a dividend out of surplus?

Mr. Crowell: Yes, sir.

Commissioner Harlan: Of \$101,000?

Mr. Crowell: Yes, sir.

Commissioner Harlan: And that money, instead of being paid over to the stockholders, was used to build this road?

Mr. Crowell: Yes, sir.

Commissioner Harlan. Then the railroad company was organized?

Mr. Crowell: The railroad company was organized ahead of the construction.

159 Commissioner Harlan: And after the road had been built by the lumber company, it was turned over to the railroad company?

Mr. Crowell: Yes, sir,

Commissioner Harlan: And the railroad company paid for it in stock for that amount?

Mr. Crowell: Yes, sir.

Commissioner Harlan: And that included the equipment?

Mr. Crowell: Yes, sir.

Mr. Farrar: And that stock was declared as a dividend to the stockholders of the Crowell & Spencer Lumber Company?

Mr. Crowell: Yes, sir.

Mr. Farrar: Do you keep an agent at Lecompte?

Mr. Crowell: Yes, sir; we have two agents at Lecompte.

Mr. Farrar: Do you mean Lecompte?

Mr. Crowell: We have a joint agency there with the Rock Isand and the Texas & Pacific.

Mr. Farrar: And another joint agency with the Texas & Pacific?

Mr. Crowell: Yes.

Mr. Farrar: Have you an agent at the other terminus? Mr. Crowell: Yes, sir; we have

160 Mr. Farrar: Do you issue time cards and schedules?

Mr. Crowell: Yes, sir; we do, and run trains on the schedule.

Mr. Farrar: Run trains on that schedule?

Mr. Crowell: Yes, sir.

Mr. Farrar: How are the trains on your road handled; are they handled by the motive power of any of the other railroads with whom you connect, or are they handled with your own motive power?

Mr. Crowell: They are handled with our own motive power.

Mr. Farrar: Do any of the connecting roads run any of their trains over your road, except the gravel trains run by the Rock Island road under the trackage contract?

Mr. Crowell: None except that one contract,

Mr. Farrar: And the logging trains that are run by the Crowell & Spencer Lumber Company?

Mr Crowell: Yes.

Mr. Farrar: At the time that the railroad company complained of in your complaint here cancelled the lumber rate, did they cancel the other through rates with you on merchandise and other arti-0 007

Mr. Crowell: You refer to the Texas & Pacific.

Mr. Farrar: No. sir: I am referring to the suit now before the court.

Mr. Crowell: No. sir; they did not, only the lumber rate

Mr. Farrar They did not undertake to cancel their division rates with you on general traffic?

Mr. Crowell: No.

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Mr. Farrar But only on lumber?

Mr. Crowell: Only on lumber.

Mr. Farrar: When was this mill at Togo burned?

Mr. Crowell: Burned some time this year. Mr. Farrar Has it been reconstructed?

Mr. Crowell: No. sir: it has not

Mr. Farrar: Have they got much lumber on hand there unsold, or have they moved it out since the milt was burned? Mr. Crowell They had considerable lumber there, but most of it

has been moved out since the mill burned.

Mr. Farrar Your receipts for the year 1910, the statement of which you are to make up for the Commission, will show that?

Mr. Crowell: Yes, sir.

Mr. Farrar: Now, what is the general character of the freight that you handle for people along the line of that road?

162 Mr. Crowell: We handle everything that is offered.

Commissioner Harlan: That will be shown in the exhibits

you propose to file?

Mr. Farrar: The exhibits generally show that, because they are affidavits made by merchants in these various towns of Alexandria, and so on, who testify as to the character of the goods that they had shipped over the line of this road, cattle, furniture, hardware—

Commissioner Harlan: That is all of record, and you need not

bring it out by this witness.

Mr. Farrar: Now, we tender, if your Honor please, for the inspection by the Commission and counsel, the stock transfer book, the bank deposit books, the cash book, the ledger and the journal of this company, to show the manner in which its business has been conducted, and to show it is controlled by its own officers.

Commissioneer Harlan: That tender will be shown in the record.

Mr. Farrar: This Lecompte Company; have the Crowell & Spencer Company any relations whatever with the Lecompte Lumber

Company.

163 Mr. Crowell: None whatever; it is entirely independent

Mr. Farrar: Have any of the stockholders in the Lecompte Lumber Company any stock ownership in the Crowell & Spencer Company?

Mr. Crowell: None.

Mr. Farrar: Any of the stockholders of the Crowell & Spencer Company have any stock in the Lecompte Lumber Company?

Mr. Crowell: No.

Commissioner Harlan: When was the Crowell & Spencer Launber Company organized?

Mr. Crowell: Organized in 1898—incorporated in 1898.

Commissioner Harlan: When was your mill at Long Leaf built? Mr. Crowell: 1892.

Commissioner Harlan How far is that from the tracks of the St Louis & Iron Mountain?

Mr. Croweil. The saw mill was about a quarter of a mile.

Examiner Burchmore: It was constructed in 1902°

Mr. Crowell: 1892.

Examiner Burchmore Before the Lumber Company was organized?

Mr. Crowell: It was originally a partnership, and was incorporated in 1898.

164 Commissioner Harlan. What sort of connection did you have with the Iron Mountain tracks before this tap line was incorporated?

Mr. Crowell: The lumber company owned its tracks into the saw

Commissioner Harlan Did you get an allowance at that time?
Mr. Crowell: No. sir.

Commissioner Harlan: When did you first commence to get an allowance from the Iron Mountain?

Mr. Crowell: After the organization of the railroad.

Commissioner Harlan: In 1905?

Mr. Crowell: In 1905.

Commissioner Harlan: Where do most of your logs come from?

Mr. Crowell: Most of our logs at posent come from the territory shown there by the line, as laid down in the blue print.

Commissioner Harlan: The Crowell & Spencer train line?

Mr. Crowell: Yes, sir.

Commissioner Harlan: Is there much lumber on the Red River & Gulf, any belonging to you?

Mr. Crowell: No sir.

Commissioner Harlan: Any belonging to anyone else?

Mr. Crowell: No: the timber is all cut out, except this territory, and there is only about a year and a half on it.

Commissioner Harlan: So that all the timber that you now get is on the line of this private carrier called the Crowell & Spencer tram on this map?

Mr. Crowell: Yes, sir.

Commissioner Harlan: These logs are carried by the lumber company itself to your mill at Long Leaf?

Mr. Crowell: Yes. sir.

Commissioner Harlan: And there manufactured into lumber?

Mr. Crowell: Yes.

Commissioner Harlan: What proportion of the manufactured humber goes out over the Iron Mountain?

Mr. Crowell: Well, a small per cent.

Commissioner Harlan Before this Red River & Gulf was built, all of your lumber went out over the Iron Mountain, did it not?

Mr. Crowell: Yes, sir,

Commissioner Harlan And you built it 12 miles over to the Rock Island?

Mr Crowell 123 miles over to the Texas & Pacific and the Southern Pacific at that time. The Rock Island was not built through there until later.

Commissioner Harlan: What line takes the major part of your

manufactured lumber now?

Mr. Crowell: The Rock Island is getting the most. It changes, though, with different times, it depends on the business offered. At present time the Rock Island is getting most of the business.

Commissioner Harlan How long has that been true?

Mr. Crowell It has been true for about two years.

Commessioner Hurlan. For the last two years the Rock Island has been getting the bulk of your traffic?

Mr. Crowell Getting the bulk of it, yes, sir, practically,

Commissioner Harlan: So that you had logs from your forest on the Crowell & Spencer (1977) line into your mill on the Iron Mountain line, and then the manufactured lumber is haded back about 12 miles to the Rock Islanl?

Mr. Crowell Yes, sir.

Commissioner Harlan: Instead of going out over the Iron Mountain?

Mr. Crowell: Well, we deliver business to the Southern Pacific and the Iron Mountain and to the Rock Island.

167 Commissioner Harlan: The Iron Mountain and the Rock Island have a junction at Alexandria, have they not, a few miles north?

Mr. Crowell: Yes, sir.

Commissioner Harlan: How many miles north is that?

Mr. Crowell: Twenty-five.

Commissioner Harlan: Before this Red River & Gulf was built, when you wanted to reach Rock Island points you used the Iron Mountain, did you not?

Mr. Crowell: We did not reach it through Alexandria; they did

not have a road into Alexandria at that time.

Commissioner Harlan: Where did you reach the Rock Island at that time?

Mr. Crowell: I think that business was handled in connection with the Texas & Pacific, and they turned it over at Fort Worth.

Mr. Farrar: The Rock Island construction into that territory is

only of a very recent date.

Commissioner Harlan: It went to the Texas & Pacific at Alexandria?

Mr. Crowell Yes, sir; at Alexandria at that time, and to the Southern Pacific. Rates were in effect both ways.

168 Commissioner Harlan: But you can reach all Rock Island points by using the Iron Mountain to Alexandria or some other junction point, can you not?

Mr. Crowell: Yes, sir.

Examiner Burchmore: Among the exhibits filed of record, to which convisel refers, are a number of printed blanks filled out by shippers who say that they have used the Red River & Gulf Railroad Company during the past three or four years in receiving or shipping freight. One of these statements is filed by J. B. Sinnott.

Mr. Farrar: That is Smith Brothers & Company, of New Orleans, Examiner Burchmore: President of Smith Brothers & Company, of New Orleans. What amount of traffic does that firm originate or

Perelve"

Mr Crowell It is not a large traffic.

Examiner Burchmore: As much as one carload in the whole year, or more?

Mr. Crowell Four, I should say

Examiner Burchmore Kracke & Flanders, a partnership, also filled act such a statement. Is their traffic of considerable volume?

1659 Mr. Crowell Yes, sir.

Examiner Burchmore About how much in a year?

Mr. Crowell Well, it is all in local shipments.

Examiner Burchmore; J. P. Dunn, a farmer at Forest Hill certifies that he has made shipments over your road. Are those simply occasional shipments of agricultural products, or is it a considerable traffic?

Mr. Crowell: Occasional shipments of agricultural products.

Examiner Burchmore: I presume you have seen all these statements which are filed of record?

Mr. Crowell: Yes, sir.

Examiner Burchmore: Could you estimate the total volume of traffic that is handled for these shippers who have written these statements, in a year? Does it amount to ten carloads or one carload?

Mr. Crowell: More than ten carloads, I should say; there are shippers there that would ship more than ten carloads individually.

Examiner Burchmore What would you estimate the total volume?

Mr. Crowell: I do not know that I could estimate that with any degree of accuracy, without looking up the records.

Mr. Farrar: The statements will show the exact amount of

170 that, outside of lumber

Commissioner Harlan; What is the extent of your lumber shipments; what was your cut last year?

Mr. Crowell: About 17 and a half million feet,

Commissioner Harlan: Do you know about how many carloads went out from the mill over all lines?

Mr. Crowell: No. I could not give the actual number.

Commissioner Harlan: How long has it been since there was any lumber on the Red River & Gulf, east of its junction with the Crowell & Spencer tram?

Mr. Crowell: Early this year, in March, I think,

Commissioner Harlan Are there some forests on your read, the Red River & Gulf?

Mr. Crowell: Yes, sir

Commissioner Harlan Which belong to you?

Mr. Crowell: There are some belonging to us, and others owned by other people.

Commissioner Harlan When was the Crowell & Spencer tram line built?

Mr. Crowell That was built in the last of 1906 or 1907

Commissioner Harlan And in 1905, when the Red River & Gulf Railroad was built, what forests did you own, and where 171 were they?

Mr. Crowell: They were west of Long Leaf, and operated

over a logging tram that we afterwards dismantled.

Commissioner Harlan. Let me see if I understand that. When the Red River & Gulf was built, you owned no forest east of Long Leaf?

Mr. Crowell: Yes, we owned forest east of Long Leaf, but at the time of the building of the Red River & Gulf we were operating 15 miles of tram road due west of Long Leaf, and that road has been dismantled.

Commissioner Harlan. Then you commenced to lumber east of Long Leaf in 1906?

Mr. Crowell Yes, sir

Commissioner Harlan: Describe your holdings east of Long Leaf, when the Red River & Gulf was built, and the location of your forest.

Mr. Crowell: The location was on both sides of the line for a dis-

tance---

Commissioner Harlan: What line? Mr. Crowell: The Red River & Gulf.

Commissioner Harlan: How far east did they extend?

Mr. Crowell: Between six and seven miles east of Long Leaf.

172 Commissioner Harlan And at that time, your mill was at Long Leaf?

Mr. Crowell: Yes, sir.

Commissioner Harlan: Why did you invest money in the extension of the Red River & Gulf eastward beyond your forest?

Mr. Crowell: In order to handle our lumber. Commissioner Harlan: Over these other lines?

Mr. Crowell: Yes, sir.

Commissioner Harlan: Which you could have reached at that time through their junction at Alexandria?

Mr. Crowell: Yes, sir.

Commissioner Harlan: You could have reached all Rock Island points in 1905 through Alexandria?

Mr. Crowell: Yes, sir.

Commissioner Harlan And you could have reached the Texas & Pacific points too?

Mr. Crowell: Yes, sir.

Commissioner Harlan: But notwithstanding that, you extended the Red River & Gulf to a junction with those lines?

Mr. Crowell: Yes, sir.

Commissioner Harlan: You did that to get divisions, did you not.

Mr. Crowell: Yes, sir, and for the further reason that we could not get cars from the St. Louis, Watkins & Gulf, which is now the Iron Mountain; they were unable for four or five months of every year to give us cars, and our business was badly crippled, and it was largely for that reason that our road was built, as well as for the other.

Commissioner Harlan: You were not getting a sufficient supply of equipment from the Iron Mountain,

Mr. Crowell: No: they could not furnish it.

Commissioner Harlan. Did you have any talk with the other roads before you extended the Red River & Gulf eastward?

Mr Crowell: Yes, sir.

Commissioner Harlan: Just tell us what inducement you had to extend that road to the junction with the Rock Island and other roads to the east.

Mr. Crowell: They offered us divisions of the through rates.

Commissioner Harlan: What divisions were offered?

Mr. Crowell: At that time we received three and four cents, I believe it was, from the Texas & Pacific and the Southern Pacific.

Commissioner Harlan: And what offer was made to you by the Rock Island?

Mr. Crowell: Well, there was no offer made by the Rock 174 Island at that time. There was no Rock Island.

Commissioner Harlan: The Rock Island came in later?

Mr. Crowell: The Rock Island came in later: yes, sir.

Commissioner Harlan: What is the highest division you have ever received from any line?

Mr. Crowell: I believe five cents was as much as we have ever

received.

Commissioner Harlan: When was that?

Mr. Crowell: In 1906 and 1907. Mr. Jeffery: Talk up, please. 1 did not hear what you said. Who did you say you got the five cent division from?

Commissioner Harlan: He has not said that. He is giving the

details_

Mr. Crowell: To a few common points in Texas we got five cents from the Texas & Pacific and the Southern Pacific, at one time.

Commissioner Harlan: What was the highest division you ever received from the St. Louis, Watkins & Gulf or the Iron Mountain? Mr. Crowell: Three cents.

Commissioner Harlan: When did you make your arrange-

ments with the Rock Island? 17.0

Mr. Crowell: Since they built this line south of Alexan dria.

Commissioner Harlan: When was that?

Mr. Crowell: That has been something over two years.

Commissioner Harlan: What division do you receive now from the Rock Island?

Mr. Crowell: From two and a half to four and a half cents. Commissioner Harlan: Is four and a half cents the highest going

division at this time? Mr. Crowell: To the best of my recollection it is; yes, sir. I have

the division sheets with me. Mr. Farrar: You say you have those division sheets?

Mr. Crowell: Yes, sir.

Mr. Cowan: They will be filed; they are already filed.

Mr. Crowell: They are all filed.

Examiner Burchmore: Has the Red River & Gulf a contract with the Rock Island Railroad?

Mr. Crowell: No, sir.

Examiner Burchmore: No contract for divisions of the rates?

Mr. Crowell: No. sir; not for divisions.

Mr. Farrar: You have no contracts with any railroad as to rates, have you? 176

Mr. Crowell: No. sir.

Commissioner Harlan: Do you own all the forests through which the Crowell & Spencer tram runs?

Mr. Crowell: No. Commissioner Harlan: Do you own all on the west of that line?

Mr. Crowell: No.

Commissioner Harlan: Are there other interests in there?

Mr. Crowell: Yes, sir; other large interests.

Commissioner Harlan: How do they get to market?

Mr. Crowell: Some are not operators, some are only timber holdings. The bulk-

Commissioner Harlan: Any farmers in there?

Mr. Crowell: Yes, sir.

Commissioner Harlan: Does the Crowell & Spencer train carry any stuff for the farmers?

Mr. Crowell: Yes, sir/ Commissioner Harlan: To what extent?

Mr. Crowell: Only in a small way: local shipments of mola-ses and cane and-

Commissioner Harlan. Do you carry logs for any one else?

Mr. Crowell: We have: yes. sir. 177

Mr. Farrar: There is no connection, though, between this Crowell & Spencer tram and the Red River & Gulf Railroad at all. is there?

Mr. Crowell: No. sir, none.

Commissioner Harlan: What was the cost of the Crowell & Spencer tram for building?

Mr. Crowell: Over \$30,000. .

Commissioner Harlan: Is it standard gauge?

Mr. Crowell: Standard gauge: yes, sir,

Commissioner Harlan; Why was not that turned over to the Red River & Gulf?

Mr. Crowell: No particular reason why: the Red River & Gulf

had no object in buying that property.

Commissioner Harlan: Is that all the reason that you did not

turn it over to the Red River & Gulf?

Mr. Crowell: That subject was never taken up at all, and it was never considered.

Commissioner Harlan: You just did not do it

Mr. Crowell: We did not do it.

Commissioner Harlan: Judge Cowan, have you any questions? Mr. Cowan: The original object of building the Ped River & Gulf was for the purpose of logging the timber belonging

to the Crowell & Spencer Company?

Mr. Crowell: No. Mr. Cowan: What was the object of building it, then?

Mr. Crowell: The object was to get the advantage of additional

shipping facilities, and the renumeration incident to that.

Mr. Cowan: How much of the old tram line that had been used by the Crowell & Spencer Company did you put into the make up of the Red River & Gulf?

Mr. Crowell: There was not any of it. This is a newly con-

structed railroad throughout.

Mr. Cowan: From Long Leaf to Lecompte?

Mr. Crowell: Yes, sir.

Mr. Cowan: How long is that road?

Mr. Crowell: Fourteen and three-quarter miles.

Mr. Cowan: And that goes from the Iron Mountain over to a unection with the Texas & Facific and the Rock Island?

Mr. Crowell: And the Southern Pacific. Mr. Cowan: And the Southern Pacific?

Mr. Crowell: Yes, sir.

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Mr. Cowan: And you completed that road in 1905?

Mr. Crowell: Yes, sir.

Mr. Cowan: Previous to building that road, how did you log the mill of the Crowell & Spencer Lumber Company?

Mr. Crowell. We logged the mill over a tram road owned by

the Crowell & Spencer Lumber Company.

Mr. Cowan: And no part of that was used in the Red River & Gulf?

Mr. Crowell: No part, except a few miles of steel was used

Mr. Cowan: How many miles of steel? Mr. Crowell: About five miles of steel.

Mr. Cowan: But not the track or roadway?

Mr. Crowell: No.

Mr. Cowan: Just that much material used?

Mr. Crowell: That much material.

Mr. Cowan: You say you have two joint agents at Lecompte?

Mr. Crowell: Yes, sir.

Mr. Cowan: What do you pay them?

Mr. Crowell: We pay one \$50 and the other \$35.

Mr. Cowan; And they are respectively also local agents of the Texas & Pacific and the Rock Island?

Mr. Crowell: Yes, sir, Mr. Cowan: How much do the Texas & Pacific and the Rock Island pay them?

Mr. Crowell: I do not know. Mr. Cowan: Why do you have two agents at that place?

Mr. Crowell: We get business in connection with both lines, and necessarily that business has to be handled.

Mr. Cowan: Well, if you just had one station, you would not

have to have but one agent?

Mr. Crowell: But we have an arrangement whereby we get into both stations.

Mr. Cowan: The Texas & Pacific only has one agent there?

Mr. Crowell, One agent.

Mr. Cowan: But you have two? Mr. Crowell: We have two.

Mr. Cowan: Now, all this tonnage which you speak of being carried for other people, how much of that goes in fact, if any, to the commissaries or other uses of the Crowell & Spencer Lu ber Company?

Mr. Crowell: A good proportion of it. The statement filed with

our bill shows the exact amount.

Mr. Cowan; Well, these men who make affidavits that they have been shipping on your road, were they shipping that sort of produce, or manufactured articles? 151

Mr. Crowell; Yes. sir.

Mr. Cowan: And they did not disclose in their affidavit, though,

that they were shipping it for the purpose of your lumber company's business?

Mr. Crowell: No.

Mr. Cowan: But that was the fact?

Mr. Crowell: No, that was not the fact. Some of this business was not shipped in connection with that business, and had no connection whate er with the Crowell & Spencer Lumber Company.

Mr. Cowan: I thought you said a good portion of it did.

Mr. Crowell 1 said a good portion of the local business was business to the Crowell & Spencer Lumber Company, but this business shipped by these local people was entirely independent of that business.

Mr. Cowan: What enterprises are there on this Red River &

Gulf Railroad between your saw mill and Lecompte?

Mr. Crowell: This Lecompte Lumber Company plant was the principal one.

Mr. Cowan: Who owns that?

Mr. Crowell: The owners of that are Mr. George Gainnie and his son, K. M. Gainnie, and Walter Clark, of Lecompte.
Mr. Cowan: Have they any relations to the Crowell & Spencer Lumber Company?

Mr. Crowell: No.

Mr. Cowan: Any ownership in the stock of the railroad company?

Mr. Crowell: No, sir; none.

Mr. Cowan: Have they trackage rights over it?

Mr. Crowell: No.

Mr. Cowan: How do they log their mill?

Mr. Crowell: By wagons and teams.

Mr. Cowan: They are located on your line?

Mr. Crowell: On our line.

Mr. Cowan: What amount do you get for hauling their lumber? Mr. Crowell: The same divisions apply on lumber from their

mill as from our own.

Commissioner Harlan: Over what line does the bulk of their lumber go?

Mr. Crowell: I could not say with any degree of accuracy; it

can go over all the connecting lines.

Commissioner Harlan: Does a good share of it go over the Iron Mountain?

183 Mr. Crowell: Yes, sir.

Commissioner Harlan: More than over the Texas & Pacific or the Southern Pacific?

Mr. Crowell: Well, I think not; than those three lines com-

Commissioner Harlan Well, the Iron Mountain gets more of their lumber than it does of yours?

Mr. Crowell: Well, at the present they are not shipping.

Commissioner Harlan: I know now they are not, since they burned up, but I am talking of the time they did ship.

Mr. Crowell I could not say.

Commissioner Harlan Have you not any judgment on that?

Mr. Crowell: I think they do get more than from our company, yes, sir.

Commissioner Harlan: What allowance did you get on their lum-

ber from the Iron Mountain?

Mr. Crowell: Three cents.

Mr. Cowan: Did you get anything in addition to that for hauling their lumber?

Mr. Crowell: No.

Mr. Cowan: Or for hauling logs?

Mr. Crowell No.

181 Mr. Cowan Or for any other service?

Mr. Crowell: No.

Mr. Cowan: How far is their mill from the other end of your line at Lecompte; is it right there?

Mr. Crowell: About five miles.

Mr. Cowan: It is down on your line?

Mr. Crowell: It is down on our line about five miles.

Mr. Cowan: What was the output of that mill; have you any idea?

Mr. Crowell: About 40,000 feet a day capacity.

Mr. Cowan: How did that compare with the output of your mill?

Mr. Crowell: About half; about 50 per cent of ours

Mr. Cowan: Were there any arrangements for divisions of rates to points where the rate division sheet itself did not apply, like there are in many cases where a division sheet does not apply, then the division will be according to the agreement of the traffic officials.

Mr. Crowell: No, none except these division sheet agreements.
Mr. Cowan: Have you any knowledge as to what it costs you to haul a carload of lumber from Long Leaf to Lecongte?

185 Mr. Crowell: No.

Mr. Cowan: Have you ever made any estimate as to what it costs you?

Mr. Crowell: No.

Mr. Cowan: You do not haul any logs? Mr. Crowell: No. we do not haul any.

Mr. Cowan. Your business is not mixed up with hading logs at all?

Mr. Crowell: No. We have hauled a few logs; that is, where local people shipped them.

Mr. Cowan: But your business is the commercial business you do, and the business of hauling lumber?

Mr. Crowell: Lumber and other commodities.

Mr. Cowan: Do you know how many carloads of traffic you haul altogether?

Mr. Crowell: Between fifteen hundred and two thousand cars a vear.

Mr. Cowan. Can you come a little nearer than that to it?

Mr. Crowell: No. I do not believe I could.

Mr. Cowan: You can file a statement which shows exactly?

Mr. Crowell: I think our statement shows.

Mr. Farrar: No, it simply shows the revenue from various sources.

Mr. Cowan: I want to know the number of carloads.

Mr. Crowell: How would you compute the local shipments in

carloads?

Mr. Cowan: Take that for a carlead, for the purposes of my question; state the total number of loaded cars and of those, the total number that were carloads; the total number of empty cars moved, giving it in opposite directions, as no doubt your accounts show what it is in each direction?

Mr. Crowell: Yes, sir.

Mr. Cowan: During the period of a year.

Mr. Crowell: Any particular year?

Mr. Cowan: Take before that mill burned, the fiscal year ending June 30, 1909.

Mr. Crowell: I could get that information up for you.

Mr. Cowan: Yes. And then make a statement showing the total train expenses separately from the locomotive expenses; then the total locomotive expenses, so that we can get at what it costs per car—

Mr. Farrar: We have our books here, which show the whole cost of transportion and everything is detailed in those books.

Mr. Cowan: He can make up the statement, I assume, just a tabulated statement.

Mr. Crowell: I would like to have what you want.

Mr. Cowan: We will have that furnished to you in a request, probably, with a heading for the table, that you can just fill in, and it will enable some one to find out what it costs you to haul lumber.

Mr. Crowell: Yes.

Mr. Cowan: Do you now know in your own mind what you consider it to be worth for each separate movement of lumber on a 12 mile road, such as you have got? About how much do you think it costs you per car for actual expenditure outside of maintenance of track, to handle lumber?

Mr. Crowell: I should say about \$7.50 a car.

Mr. Cowan: \$7.50 a car?

Mr. Crowell: Yes, sir; per car. Of course, if we get quantities of cars that are handled to full capacity, we could handle them for less, but take the business furnished as we get it now, and basing it on that quantity of business.

Mr. Cowan: How much does a car of lumber weigh, on the av-

erage, as you handle it?

188 Mr. Crowell: About 60,000 pounds.

Mr. Cowan: You told the number of engines, but I will ask that again.

Mr. Crowell: One locomotive.

Mr. Cowan: How many more could you handle with a locomotive, if you had the stuff to handle?

Mr. Crowell: We could handle twice the business we are handling. Mr. Cowan: What size and character of locomotive is that?

Mr. Crowell: About 45 ton locomotive.

Mr. Cowan: Does the lumber company own engines and cars which they log with on the tram?

Mr. Crowell: Yes, sir; they have three locomotives, and about 40

to 50 cars of their own.

Mr. Cowan: What income has the railroad company from the use of this tram from the Crowell Lumber Company for the .ogs moved over the tram?

Mr. Crowell: Twenty-five cents a thousand, log scale.

Mr. Cowan: For what distance? Mr. Crowell: Three and a half miles.

Mr. Cowan: That is just for the use of the track?

Mr. Crowell: That is just for the use of the track

Mr. Cowan; But not for any other service? 189 Mr. Crowell: But not for any other services

Mr. Cowan: Do you have demurrage rules with the Rock Island. the Iron Mountain and the Texas & Pacific?

Mr. Crowell: Yes, sir.

Mr. Cowan: What are the arrangements between you and them? Mr. Crowell: The regular arrangements applying with all the roads; we pay \$1,00 a day demurrage after a certain time.

Mr. Cowan: Who pays it?

Mr. Crowell: The Red River & Gulf.

Mr. Cowan: The Red River & Gulf pays \$1.00 a day?

Mr. Crowell: Yes, sir.

Mr. Cowan: Not the lumber company?

Mr. Crowell: I think the railroad company pays the demur-

rage.

Mr. Cowan: The regular arrangements between the railroads is not \$1.00 a day. The lumber company may pay \$1.00 a day, but whatever that is, you can make a statement and file it, if you do not recollect it.

Mr. Crowell: Yes, sir.

Mr. Cowan: If you know what the demutrage arrangements are state them for the record, and if not, file a statement

Commissioner Harlan Well, do you know the demurrage 15963 arrangements?

Mr. Crowell We pay demurrage, I know that,

Commissioner Harlan. Who pays it?

Mr. Crowell: The Red River & Gulf, I think.

Commissioner Harlan: That is, if a Rock Island car is set at your mill and detained by the mill longer than it ought to be?

Mr. Crowell: We pay \$1,00 a day.

Commissioner Harlan Who pays it? Mr. Crowell: The Red River & Gulf; that is my recollection.

Commissioner Harlan: Does the Red River & Gulf collect anything from the mill?

Mr. Crowell I could not be positive of that.

Commissioner Harlan: You would know, would you not?

Mr. Crowell I can find out; yes, sir. I think we filed a state-

ment with the Commission covering that point, regarding demurrage,

Mr. Coleman: You mentioned a dividend having been paid to the stockholders of the railroad company?

Mr. Crowell: Yes, sir.

Mr. Coleman: What was that dividend?

191 Mr. Crowell: Well, it varied.

Mr. Coleman: Well, the first one?

Mr. Crowell: The first dividend, I believe, was 15 per cent.

Mr. Coleman: The second?

Mr. Crowell: I will have to get the books.

Mr. Farrar: The books show it. Mr. Crowell: Give me the ledger.

(Book produced and handed to witness.)

Commissioner Harlan: What was the last dividend?

Mr. Crowell: Ten per cent dividend. Commissioner Harlan: What year?

Mr. Crowell: The first dividend was paid May 29, 1907.

Commissioner Harlan: Fifteen per cent?

Mr. Crowell: Yes, sir.

Mr. Coleman: The next one? Mr. Crowell: July 28, 1908. Mr. Coleman: How much? Mr. Crowell: Thirty per cent.

Mr. Coleman: The next?

Mr. Crowell: November 19, 1908; ten per cent

Mr. Coleman: 1908?

Mr. Crowell: Yes, sir.

Mr. Coleman: That was about six months later, ten per cent more?

Mr. Crowell: November 11th.

Mr. Coleman: The next?

Mr. Crowell: July 17, 1909; ten per cent. Mr. Coleman: Six months later. Next? Mr. Crowell: October 20, 1909, ten per cent.

Mr. Coleman: Have you any of that stock for sale?

(No response.)

Mr. Coleman: Now, take the division of three cents which you got from the Iron Mountain, what haul did you perform to earn that?

Mr. Crowell: We haul the lumber about a quarter of a mile.

Mr. Coleman. What was the through rate that the railroads got?

Mr. Crowell: What was the through rate? Mr. Coleman: Yes, say to Colorado points.

Mr. Crowell: They vary from 2712 to 34 cents

Mr. Coleman: What is the distance? Mr. Crowell: I don't know that.

Mr. Coleman: Take the 2½ cent rate to the Rock Island at Lecompte, what service did you perform for that?

Mr. Crowell: We haul that 1234 miles. 193

Mr. Coleman: You haul it 1234 miles for two and a half

Mr. Crowell: Yes, sir.

cents?

Mr. Coleman: Take the haul you give for the four and a half

Mr. Crowell: We haul it twelve miles.

Mr. Coleman: What was the difference? Why did you get four and a half cents in one case and two and a half in another case?

Mr. Crowell I cannot explain that. Mr. Coleman Can anybody?

Mr. Crowell: I suppose they can. Mr Coleman: Who would that be? Mr. Crowell: The traffic management

Mr. Coleman: Of the other railroads?

Mr. Crowell Yes, sir.

Mr. Coleman: They simply hid with your company to get the raffic: is not that it?

Mr. Crowell They voluntarily made it

Mr. Coleman: Take the three cent division and the four 194 cent division with the Southern Pacific, what haul do you perform on that?

Mr. Crowell: We haul that 12% miles,

Mr. Coleman Do you interchange transportation?

Mr. Crowell Yes. sir.

Mr. Coleman What do you get?

Mr. Crowell: We get two or three annuals.

Mr. Coleman: And you get them from the Southern Pacific?

Mr. Crowell: Yes, sir.

Mr. Celeman And the Iron Mountain?

Mr. Crowell: Yes. sir.

Mr. Coleman And the Rock Island?

Mr. Crowell: The Rock Island and the Texas & Pacific. Mr. Coleman. Are those used by your people in soliciting lumberbusiness in competition with other lumber companies?

Mr. Crowell: None of our office force solicits business except to

Mr. Coleman: Now, then, is some officer of the railroad company an officer of the lumber company?

Mr. Crowell, Yes, sir.

Mr. Coleman: Are not they all the same?

Mr. Crowell They are practically all the same.

Mr. Coleman So when you say that it is only an officer of the railroad company, you are making the division between the two parts of you?

Mr. Farrar: He said the officers of the lumber company solicit

trade by mail.

Mr. Crowell None of the officers of the lumber company travet for business.

Mr. Coleman True, but the officers of the lumber company are the very same men who are officers of the railroad?

Mr. Crowell: Yes, sir.

Mr. Coleman. So it is the difference between tweedle-dec and tweedle-dum, is it not?

Commissioner Harlan We will reserve that for argument.

Mr. Crowell: We do not solicit business on this transportation. we do not solicit business at all personally, except by mail, for corr company; none of our officers travel for business.

Mr. Coleman - How do you come to get this transportation then? Mr. Crowell: We made requisitions for it, and it was supplied

Mr. Coleman. That is the only reason?

Mr. Crowell And by reason of the fact that we are a com-196 mon carrier railroad and entitled to it.

Mr. Coleman Have you any other transportation basides that I have named?

Mr. Crowell: Yes, sir.

Mr. Coleman What is it?

Mr. Crowell. The L. & A. and the L. R. & N.

Mr. Coleman, Any more?

Mr. Crowell | I think I have some more ves, sir.

Mr. Coleman: What is that?

Mr. Crowell: I could not tell you that. I have got a lot of it. It

does not amount to much.

Mr. Cideman: Is it not so, that you never three open this Roal River & Gulf Railroad as a common carrier until all the timber was cut away.

Mr. Crowell No. sir, it is not true.

Mr. Colomun: Is there timber on it now?

Mr. Crowell: Yes, sir,

Mr. Coleman Are you using it?

Mr. Crovell We are using some of it; yes, sir.

Mr. Coleman In the milling operation?

Mr Crowell Yes, sir.

Mr. Coleman That is all.

Commissioner Harlan - Do you get trip transportation and 1517 on request

Mr. Crowell. We have gotten a few trip transportations

Commissioner Harlan For what purpose?

Mr. Crowell - Personal trips: I have been out home sore on a true

transportation.

Mr. Farrar: I call your attention to a statement made here for the year 1808, by which it appears that you received in revenue for trackage for the Rock Island gravel trains \$23,097

Mr Crowell You sir.

Mr. Farrar: And that you received as a total freight receipt that year \$46,054.96, so that more than half of your total freight recentcause from the trackage for these Rock Island Gravel traits, did it

Mr. Crowell Yes, sir; that is correct

Mr. Cowan How far did they run over your track? Mr. Crowell: They hauled about six miles over our track

Mr. Cowan How much did your total track cost, \$101,000 for the 12 miles?

Mr. Crowell, Yes, sir.

1500

Mr. Cowan: They pay you \$23,000 a year for the use of six miles?

Mr. Crowell No.

Mr. Cowan. How did you get the money, then?

Mr. Crowell They pand us that year, they hauled 75 cars a day

over the road for the first year when they were ballasting

Mr. Cowan. But they would have paid for your entire road in five years. Who made that contract to pay that much to run the

Mr. Crowell Some one on the Rock Island

Mr. Cowan. Some managing official make that contract?

Mr. Crowell Yes, sir.

Mr. Cowan. Who was it, just for eurposity"

Mr. Crowell. I believe the vice-president of the road signed the

Mr. Cowan. The vice-president in charge of operation." Mr. Crowell Yes, sir. The original contract is on tile.

Mr. Farrar I have offered it in windence.

Mr. Cowan, I know, but I thought you might remember who 11. WBS.

Mr Crowell I know it was the vice-president Mr. Cowan | Did be make it with you?

Mr. Cowan Did you do the negotiatible?

Mr. Crowell. The prosident of the road, my father, did the contracting.

Mr. Cowan. Was anything said about the reasonable use or wheel-

Mr. Cowari. How many years did they use that track for handing

gravel? Mr Crowell. They used it about one year soled, and afterwards

Mr. Cowan. What has been the amount of return from that source

Mr. Crowell. It is shown in the statement filed in the record. I

Commissioner Harlan That seems to be all.
Examiner Burelmane One or two questions about the physical characteristics of the road. What weight of rail is used?

Mr Crawell We have als, 45 and 60 pound rail.

Mr. Crowell The 45 pound.

Examiner Burchmore You said you had one or two station buildings"

Mr Crowell No.

Examiner Burchmore You have none?

Mr. Crowell. We have none, except these joint stations at the terminus.

Examiner Burchmore: Are those joint station buildings chiefly used by your road or by the trunk lines?

Mr. Crowell Chiefly by the trunk lines.

Examiner Burchmore And were constructed before your road was built?

Mr. Crowell Yes, sir

Examiner Burchmore With the exception of the Rock Island"

Mr Crowell Yes, sir.

Examiner Burchmore. Have you any freight platforms for leading and unloading freight on your line, other than at these stations just referred to?

Mr. Crowell Yes, sir.

Examiner Burchmore, How many, and where?

Mr. Crowell. One at Togo and one at Holdup and one at Leng. Lenf.

201 Examiner Burelinore Have you any truck scales for weighing carboid shipments?

Mr. Crowell No. sir.

Examiner Burchmore Any team tracks along your line?

Mr. Crowell No.

Examiner Burchmore: Have you any facilities along your line, for handling less than earload freight, any special facilities, such as small scales or small storage buildings?

Mr Crowell: No. sir, we have not

Examiner Burchmore. How many employees are there in your opens og department, that is, engineers, firemen and conductors. Mr. Crowell. We have one train crew, one engineer, one con-

neler, one fireman and one brakeman

Evaluater Burchmore What is the number of employees, approximately, in your road department for maintaining the way?

Mr Crowell We have two section crews, they average from hims weight men to the section.

Examiner Burchmore. Where is your general other hanted

Mr. Crowell: Long Leaf.

Examiner Burchmore. It is identical with the general adjac of the lumber company?

Mr. Crowell In the same building, yes, sir

Examiner Burchinore You testified that you had some passenger traffic. Is the major portion of that passenger traffic revenue traffic or free traffic?

Mr. Crowell All revenue traffic

Examiner Burchmore Is any considerable amount of passenger traffic for the public as contrasted with your own employees.

Mr Crowell Oh. ves.

Examiner Burchanore Do those passengers pay cash fares on the train, or purchase tickets?

Mr. Crowell Some pay cash fares and some purchase tickets. Examiner Burchmore You have tickets on sale?

Mr Cronell Yes.

Mr. Farrar: Did the Government of the United States levy the corporation tax upon the Red River & Gulf Railroad Company?

Mr. Crowell: Yes, sir

Mr. Farrar Have you paid that corporation tax?

Mr. Crowell We have, ves. sir.

Examiner Burchmore Mr. Crowell, was that tax the same against the road as a common carrier as it would have been if the road had a not been a common carrier, that is, the mere fact that it

203 was a corporation?

Mr. Crowell. My understanding was that that was a cor-

porution tax.

Examiner Burchmore Applicable to all corporations business as well as common carriers?

Mr. Crowell Yes, sir

(Witness excused)

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Mr. Marsilliot I will call Mr. Stonebraker

F. E. STONERRAKER was called as a witness and having been duly sworn, testified as follows:

Mr Marsillia In order that your Honor and the gentlemen present may a little better understand this case and to go a little faster with it. I want to describe in about two minutes what our road is. I have not the map here, but I think I can explain it better than as if I had a map. About 25 miles west of the city of Mearphis, on the St. Louis. Iron Mountain & Southern Railroad, is the prosperous town of Earl, which I think has some 2,000 to 2,500 inhabitants at the present time. The Rock Island Railroad runs a little south of west or almost paralleling the Iron Mountain, passing through Forest City which your Hause will probably see on the map there, in St. Francis County and this Criticalen Railroad runs from the town of Fartle 25 miles west of Mangdas on the Iron Mountain, south about 15 indices to the town of Heth on the Rock I-land, and continues these two trank large and in which

265 cour Honor will not see an thin man. It is a small town at the present time but the extension to now in progress and it is suggested it will be a log type term soon, but it is town a very

I want to state furthermore that this road does more across for the public than for the lumber company what awas the controlling stack, and it does a digita loss than surfied service for the public. I study make that statement as that your thous and the gentlement on the other side will understand what we are talking about.

Mr. Cowan. The terms of the collow pine district?

Mr. Marsilliot. No. the solutional in the bottom, Crittenden County is the first soluty in the other old of the river from Tennessee. It is a hardwood road Direct examination:

Mr. Marsilliot: Your name is F. E. Stonebraker?

Mr. Stonebraker: Yes.

Mr. Marsilliot: Where do you live? Mr. Stonebraker: Memphis, Tennessee.

Mr. Marsilliot: How long have you lived there? Mr. Stonebraker: About fifteen years.

206 Mr. Marsilliot: Are you connected with the Crottenden Railroad?

Mr. Stonebraker: Yes. sir.

Mr. Marsilliot: That railroad is incorporated under the general incorporation laws of the State of Arkansas?

Mr. Stonebraker: Yes, sir.

Mr. Marsilliot: Incorporated in 1905, I believe?

Mr. Stonebraker: August of 1905.

Mr. Marsilliot: Mr. Stonebraker, do you know when the construction of this road was begun?

Mr. Stonebraker: Yes. sir. Mr. Marsilliot: When was it? Mr. Stonebraker: In 1899.

Mr. Marsilliot: Who began the construction of it? Mr. Stonebraker: The Crittenden Lumber Company.

Mr. Marsilliot: What was the purpose in the construction of the road at the outset?

Mr. Stonebraker: A plant adjunct.

Mr. Marsilliot: What other purpose or view did the builders of

that road have in mind at the time they laid the first rails?

Mr. Stonebraker: The intention from the beginning was to make a railroad eventually connecting the Rock Island. 207 Mr. Marsilliot: How do you know that?

Mr. Stonebraker: Because I was there and doing the work, and that was my intention, and it was discussed with other associates.

Mr. Marsilliot: What was your business in 1898, when the construction of this road began?

Mr. Stonebraker: General manager of the Crittenden Lumber

Company.

Mr. Marsilliot: You say that the purpose of the building of this road at the very outset was to make it a common carrier and a public service corporation?

Mr. Stonebraker: Yes, sir.

Mr. Marsilliot: Now, I will ask you to state what policy was pursued by the builders of that road in order to bring about that result, that is, with reference to inviting settlers and other enterprises into that country?

Mr. Stonebraker: We encouraged settlers to come in there. Mr. Marsilliot: How did you do that; what methods did you

pursue?

Mr. Stonebraker: By telling them we intended to provide a way that they could have their supplies given them. Mr. Marsilliot: Did you do that in person? 208

Mr. Ston braker: Yes, sir.

Mr. Marsilliot: What was the result of your efforts along that line?

Mr. Stonebraker: Well, we got a number of settlers to come in there to open up lands.

Mr. Marsilliot: Along the line of your road?

Mr. Stonebraker: Yes, sir.

Mr. Marsilliot: We are speaking now about the time before the incorporation of the road. Now, the road was incorporated in 19059

Mr. Stonebraker: Yes, sir.

Mr. Marsilliot: What has been done with reference to inviting settlers and enterprises into that country since the incorporation of your road?

Mr. Stonebraker: The same energies have been displayed.

Mr. Marsilliot: Mr. Stonebraker, what is your connection with that road?

Mr. Stonebraker: President.

Mr. Marsilliot: What is your present business?

Mr. Stonebraker: Lumber.

Mr. Marsilliot: I believe you are the American agent of some European lumber concern, are you not? 209

Mr. Stonebraker: Yes, sir; Belgian. Mr. Marsilliot: You are no longer in the employ of the Crittenden Lumber Company?

Mr. Stonebraker: No.

Mr. Marsilliot: When did you cease to be their general manager, if you remember, about?

Mr. Stonebraker: About four years ago.

Mr. Marsilliot: On page 5 of the printed petition filed by the Crittenden Railroad Company I see a list of stockholders there. I observe from that list that the Crittenden Lumber Company still owns the controlling interest in the stock of that road; is that correct?

Mr. Stonebraker: Yes, sir.

Mr. Marsilliot: How much stock do you hold in it?

Mr. Stonebraker: Fifty shares. Mr. Marsilliot: That is \$5,000?

Mr. Stonebraker: Yes, sir.

Mr. Marsilliot: Now, I do not believe I caught just exactly when you say you severed your connection as general manager of the Crittenden Lumber Company.

Commissioner Harlan: He said four years ago. Mr. Marsilliot: But you still remain president of that 910 road?

Mr. Stonebraker: Yes, sir.

Commissioner Harlan: While we are on this, are these other men named on page 5 of your petition interested as stockholders in the Crittenden Lumber Company?

Mr. Stonebraker: No. sir; not all of them.

Commissioner Harlan: Some of them?

Mr. Marsilliot: I can show you that in a moment.

Commissioner Harlan: It is not necessary. Some of them are. Mr. Stonebraker: Yes, sir.

Commissioner Harlan: About \$6,000 is outstanding in \$150,000?

Mr. Stonebraker: Yes, sir.

Commissioner Harlan: In the hands of stockholders who have no interest in the Crittenden Lumber Company?

Mr. Stonebraker: Yes. sir.

Mr. Marsilliot: Prior to the time that road was incorporated, and prior to the time it was extended to a connection with the Rock Island Railroad, thereby connecting the two trunk lines, the Rock

Island and the Iron Mountain, can you tell us what were 211 the conditions with respect to transportation service at Earl? Mr. Stonebraker: I do not understand your question.

Commissioner Harlan: Let me put a question first. Had the line been completed before the railroad was incorporated?

Mr. Stonebrakër: No, sir.

Commissioner Harlan: How much had been built?

Mr. Stonebraker: I would say about seven to eight miles.

Commissioner Harlan: By the lumber company?

Mr. Stonebraker: Yes.

Commissioner Harlan: Your mill is at Earl?

Mr. Stonebraker: No. sir.

Commissioner Harlan: Where is it?

Mr. Stonebraker: At Crittenden, between two and three miles south of Earl.

Commissioner Harlan: Now, the question counsel asked was, what was the condition there, or what were the transportation conditions before the railroad company was incorporated?

Mr. Marsilliot: At Earl; that is, what sort of service did the

people at Earl get, the merchants?

Mr. Stonebraker: Well, unsatisfactory, I think.

Mr. Marsilliot: What sort of a depot did they have there. 212 the Iron Mountain?

Mr. Jeffery: Did they have a depot?

Mr. Stonebraker: They had, if I remember, the frame of a box car for a station.

Mr. Marsilliot: You say the mill of the Crittenden Lumber Company is between two and three miles south of Earl, and on the main line of the Crittenden Railroad?

Mr. Stonebraker: Yes, sir.

Mr. Marsilliot: When was the Crittenden Railroad there completed to its connection with the Rock Island at Heth?

Mr. Stonebraker: In 1908. Mr. Marsilliot: In 1908? Mr. Stonebraker: Yes.

Mr. Marsilliot: How far south of Heth does it now extend?

Mr. Stonebraker: Something more than a mile: I don't just remember the exact distance, building.

Mr. Marsilliot: The extension is now in progress?

Mr. Stonebraker: Yes, sir

Mr. Marsilliot: I will ask you whether or not it was the original

intention, so soon as conditions justified it, to extend that road down to some point on the Iron Mountain, something like Marranna.

somewhere in that neighborhood?

Mr. Stonebraker: It has been contemplated Mr. Marsilliot: That is under consideration now

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Mr. Stonebraker: Yes, sir. Mr. Marsilliot: Taking the distance between Earl and first as approximately sixteen miles, what are the housings of the Trtenden Lumber Company there, in the way of himser sine-

Mr. Stonebraker: I do not know the houtings of the Continuous

Lumber Company in timber lands.

Mr. Marsilliot: Do you know what presention their seedingbear to the whole area of timber land configuous to this line"

Mr. Stonebraker: No. sir.

Mr. Marsilliot: The general manager of the road an answer that question?

Mr. Stonebraker: Yes. sir.

Mr. Marsilliot: And he is here. Now, after the construction of this extension to a connection with the Rock Island to their had two trunk line connections. Did was receive invisions in the through rates from those connections

Mr. Stonebraker: Yes. sir.

Mr. Marsilliot: Who arranged those divisions with the runs, inofficials?

Mr. Stonebraker, I did. 214

Mr. Marsillier Without going into details Mr. Some braker, I will ask you to state whether or not those ity-one work fair and just for the service performed by your company.

Mr. Stonebraker: I believe they were just

Mr. Marsilliot: And the details of that can also be given to Ar-Blair, the general manager?

Mr. Stonebraker: Ves. sir. Mr. Marsilliot: Now I would like for you to test us same the construction of that connection with the Rock Island, what his been the progress of development from an agricultural and minutrial standpoint along the line of that milroui"

Mr. Stonebraker: Very rapid progress has been made.

Mr. Marsilliot: Do you know about how many manufacturing plants there are along the line of that road between Earl and High at the present time?

Mr. Stonebraker I believe there are seven plants

Mr. Marsilliot: You think there are seven

Mr. Stonebraker: Yes. sir.

Mr. Marsilliot: What is the nature of the country mrough which that road is built, with reference to the character of the soil" 215

Mr. Stonebraker. The soil is very fine. Mr. Marsilliot Is it hilly or swampe country

Mr. Stonebraker: Swampy.

Mr. Marsilliot: With reference to the construction of a milway through that kind of country, was it a difficult or simple proposition?

Mr. Stonebraker: Difficult.

Mr. Marsilliot: At the time that road was built down through there, what sort of a country was that? Developed or undeveloped?

Mr. Stonebraker: Undeveloped.

Mr. Marsilliot: Since the construction of the road, and the removal of a good part of the timber, what has been done with that land?

Mr. Stonebraker: There has been much improvement, rapidly

settling up.

Mr. Marsilliot: Are you able to state of your own knowledge what the value of that land is from an agricultural standpoint in that section? I do not mean in dollars and cents, but whether it is good land or poor land.

216 Mr. Stonebraker: Good land.

Mr. Marsilliot: How does it compare in that respect to the best of the agricultural lands in the Mississippi Bottoms; how does it run?

Mr. Stonebraker: I believe it equals any.

Mr. Marsilliot: You believe it equals any in the Mississippi Val-

Mr. Stonebraker: Yes, sir; in the St. Francis Valley and Missis-

sippi Valley.

Mr. Marsilliot: You said a while ago you made certain representations to the investors in enterprises and in agricultural pursuits along that line with reference to the service you intended to give them. I will ask you what those representations were, and who made them, so far as you know of your own knowledge, what you told those people?

Mr. Stonebraker: I told the people we invited to settle in there that it was our intention to have a connecting line of railroad between Early and Heth and to develop that country, and that plan

we worked on from the beginning.

Mr. Marsilliot: In other words, from the very outset of the construction of this road, your intention was to make it a railroad prop-

osition distinctively, and you invited these settlers and investors in various enterprises to come in there and pursued that policy all the way through to the present time?

Mr. Stonebraker: Yes, sir.

Mr. Marsilliot: And the result of it has been, as I understand, a marked development?

Mr. Stonebraker: Yes, sir.

Mr. Marsilliot: Have you any idea at the present time about how much land there is in cultivation right along the line of your road? I do not mean to an acre, but approximately?

Commissioner Harlan: Well, it is more important to show the

traffic.

Mr. Marsilliot: I have another witness who will testify to that. Now, I will ask you to state, coming to the point his Honor has suggested, what the nature of the traffic is that that road does.

Mr. Stonebraker: It is general traffic, merchandise and forest products.

Mr. Marsilliot: Farm and agricultural supplies?

Mr. Stonebraker: Yes, sir.

Mr. Marsilliot: Do you run a local service on that road?

Mr. Stonebraker: Yes, sir.

Mr Marsilliot: What arrangements have you with the 218 Chicago, Rock Island & Pacific with reference to your Memphis service to the people of Earl and along your road?

Mr. Stonebraker: We have a daily local car.

Mr. Marsilliot: A package car? Mr. Stonebraker: Yes, sir.

Mr. Marsilliot: Less than carload car?

Mr. Stonebraker: Yes, sir, and more than one car if necessary to handle the business. I said daily cars; we have no cars Sundays.

Mr. Marsilliot: Do you run a daily train service on that line?

Mr. Stonebraker: Yes, sir.

Mr. Marsilliot: What sort of solicitation service do you have in the city of Memphis to secure freight for your line? Mr. Stonebraker: We have a soliciting arrangement.

Mr. Marsilliot: With whom?

Mr Stonebraker: The Rock Island Railroad.

Mr. Marsilliot: And they do constantly solicit freight for your line?

Mr. Stonebraker: Yes.

Mr. Marsilliot: And you have, as I understand it, an arrangement with them whereby you run a daily package 219 car or cars, as the case may be, over to Heth over the Rock Island and then up from Heth to Earl?

Mr. Stonebraker: Yes, sir.

Mr. Marsilliot: And deliver freight all along the line of the road to Earl?

Mr. Stonebraker: Yes.

Mr. Marsilliot: I will ask you to state whether or not the Crittenden Railroad has a depot at Earl.

Mr. Stonebraker: Yes, sir.

Mr. Marsilliot: Without any egotism about it, I will ask you what about that depot and its appointments, the characteristics, as compared with most of them in that section of the country.

Mr. Sonebraker: It is a very good station, much better than some

others in that vicinity.

Mr. Marsilliot: I do not want to mention the Iron Mountain by comparison of course. Have you an agent at Earl?

Mr. Stonebraker: Yes, sir.

Mr. Marsilliot: What is his business?

Mr. Stonebraker: To look after billing and all business of the line at that point. 220

Mr. Marsilliot: He does that exclusively?

Mr. Stonebraker: Yes, sir.

Mr. Marsilliot: I will ask you to state whether or not that agent

at that depot also solicits business in the town of Earl for the Crittenden line?

Mr. Stonebraker: Yes, sir.

Mr. Marsilliot: In other words, he is their employee exclusively for the purpose of billing and handling the traffic on that line and soliciting business at Earl?

Mr. Stonebraker: Absolutely.

Mr. Marsilliot: Has that railroad ever paid any dividends?

Mr. Stonebraker: No, sir.

Mr. Marsilliot: Has it ever made any money? Ever earned any money, over and above expenses?

Mr. Stonebraker: Yes, sir.

Mr. Marsilliot: Can you tell us in a rough way about what it has carned, over and above its expenses?

Mr. Stonebraker: I cannot tell you in a rough way. However,

Mr. Blair is here to submit that with the figures.

Mr. Marsilliot: I will ask you what has been done with the net earnings of that railroad.

Mr. Stonebraker: Put into betterments and extensions.

Mr. Marsilliot: Has any of that money ever gone into the hands of the Crittenden Lumber Company or any stockholder at all?

Mr. Stonebraker: Not to my knowledge.

Mr. Marsilliot: You would have been pretty apt to know something about it, if it had?

Mr. Stonebraker: I hope so.

Mr. Marsilliot: So that the Crittenden Lumber Company never has gotten a dollar, and neither have the stockholders, except the benefits they have derived from the extension of the road?

Mr. Stonebraker: Yes.

Mr. Marsilliot: Have its funds been kept as a railroad proposition, instead of being intermingled with the funds of the lumber company?

Mr. Stonebraker: Yes, sir; there has been a bank account kept at

various cities for the railroad.

Mr. Marsilliot: What bank; do you know?

Mr. Stonebraker: No, sir.

Commissioner Harlan: That does not make any difference.

Mr. Marsilliot: All right. I simply wanted to give all the facts.

222 Commissioner Harlan: I know, but some of those details

are not necessary.

Mr. Marsilliot: Inasmuch as you were with this proposition from the very inception, and have been its president and have followed it all the way down the line, I want to ask you what, in your opinion, from your knowledge of the facts and conditions, would be the effect of the cancellation of the through routes and joint rates if these cancellation orders are permitted to go into effect, and considering first, the effect on the railroad itself, what would be the effect on the railroad if these cancellation orders go into effect and you are denied all divisions or through rates.

Commissioner Harlan: Cannot he just explain that in one way at least, by telling what the allowances were? That has not appeared

Mr. Marsilliot: I do not know that he knows that as accurately as another witness, but I would like to have his idea of what the effect would be on the railroad, if it is cut off from all divisions of the through rates.

Mr. Stonebraker: I think the Crittenden Railroad would sustain

a severe loss.

Mr. Marsilliot: Well, in what way?

Mr. Stonebraker: Well, in the manner of people leaving our line; at least, that has been threatened, if we had to charge them additional rate.

Mr. Marsilliot: Well, what people have threatened to leave your

line?

Mr. Stonebraker: Well, Mr. Mason in particular.

Mr. Marsilliot: What business is he in? Mr. Stonebraker: Cooperage business.

Mr. Marsilliot: He runs a cooperage plant on your line?

Mr. Stonebraker: Yes, sir.

Mr. Marsilliot: He threatened to leave your line if you charged the combination rates?

Mr. Stonebraker: Well, he said he could not pay an additional

rate, and would be forced to leave.

Mr. Marsilliot: Do you, as a matter of fact, think he could afford to pay the additional rate?

Mr. Stonebraker: I know very little about the cooperage business,

and could not give an opinion about it.

Mr. Marsilliot: That is with reference to the road. What effect would the cancellation of these divisions have on this rapid development you have been speaking about in industrial and

agricultural respects? 224

Mr. Stonebraker: Owing to the fact of there being no roads or turnpikes, means and ways for people to get in their supplies, I think it would recard greatly the growth of that vicinity.

Mr. Marsilliot: Why is it there have not been any roads and

turnpikes built through that country?

Mr. Stonebraker: I do not know.

Mr. Marsilliot: From wading through those swamps over there during the last few years, or at the time that road was constructed, would you like, yourself, to undertake to build a turnpike or county road through that land?

Commissioner Harlan: Let us not go into that.

Mr. Marsilliot: I simply wanted to show it was so swampy that they could not build it.

Commissioner Harlan: That appears.

Mr. Cowan: If it is so swampy they could not build a road, I wonder how they would cultivate it.

Mr. Marsilliot: I am going to show that right now. I want to ask you what effect the cutting out of the timber would have on

that swampy country there, with reference to drying out the

Mr. Stonebraker: Oh, easier access, and it makes it easier 225 to cross.

Mr. Marsilliot: Does that land down there through that section respond rapidly to the ordinary drainage methods?

Mr. Stonebraker: Yes, sir.

Commissioner Harlan: I really do not think this is of absolute value to the record. Everyone knows about Arkansas and the swamps and how it is going to be drained, and everything else.

Mr. Marsilliot: I believe that is all.

Mr. Cowan: I want to ask one question about the local rates. There is no other railroad serving these industries except yours, between Earl and Heth?

Mr. Stonebraker: No, sir: not those on our line.

Mr. Cowan: Who are all these people there, the farmers, the people you are serving on that line; are they farmers?

Mr. Stonebraker: Many of them are farmers.

Mr. Cowan: Do not they ship their stuff out from there to Memphis principally?

Mr. Stonebraker: Memphis and St. Louis.

Mr. Cowan: As a matter of fact, the business is done with Memphis nearly altogether by the farmers who live nearby, and that is all around Memphis? 226

Mr. Stonebraker: Much business is done in Earl.

Mr. Cowan: If it is shipped from Earl down to these farms, it is shipped on a local rate?

Mr. Stonebraker: From Earl?

Mr. Cowan: The through rate has nothing to do with it. get more out of the local rate than out of a division of the through rate?

Mr. Stonebraker: Oh, no. Mr. Cowan: That is all.

Mr. Marsilliot: I want to ask you a question about that. There is a large quantity of traffic which moves from these enterprises on your line into other states, is there not?

Mr. Stonebraker: Yes, sir.

Mr. Marsilliot: There is a through rate charged on that, is there not?

Mr. Stonebraker: Yes, sir.

Mr. Marsilliot: And the Crittenden Railroad Company has got its divisions of the through rate?

Mr. Stonebraker: Yes, sir.

Examiner Burchmore: Do you at the present time own any stock in the Crittenden Lumber Comptny?

Mr. Stonebraker: No. 227 Examiner Burchmore: Does any member of your family own any stock?

Mr. Stonebraker: No, sir.

Commissioner Harlan: That seems to be all. (Witness excused.)

J. R. Blair was called as a witness, and having been duly sworn, testified as follows:

Direct examination:

Mr. Marsilliot: Your name is J. R. Blair?

Mr. Blair: Yes, sir.

Mr. Marsilliot: Where do you live? Mr. Blair: Memphis, Tennessee.

Mr. Marsilliot: How long have you lived there?

Mr. Blair: About five years.

Mr. Marsilliot: In what way are you connected with the Crittenden Railroad?

Mr. Blair: Secretary and general manager.

Mr. Marsilliot: How often do you go over to Earl and along the road?

Mr. Blair: Two or more times a week.

228 Mr. Marsilliot: You are also connected with the Crittenden Lumber Company?

Mr. Blair: Yes, sir. Mr. Marsilliot: What is your connection with the Crittenden Lumber Company?

Mr. Blair: Western manager.

Mr. Marsilliot: Before we go further, I want to ask you, do you solicit orders for lumber for your saw mill, the Crittenden Lumber Company?

Mr. Blair: By correspondence; yes, sir.

Mr. Marsilliot: Now, Mr. Blair, you have been there about five years. Were you general manager of the road at the time it was incorporated?

Mr. Blair: No, sir.

Mr. Marsilliot: How long did you get there after it was incor-

porated?

Mr. Blair: I was working for the Crittenden Lumber Company at the time the road was incorporated, and was employed at Earl, at the mill.

Mr. Marsilliot: I wish you would state briefly, so we can hurry along, what were the conditions affecting transportation, or rather, the transportation service received by the citizens of Earl prior to the time this road was extended down to

the Rock Island at Heth?

Mr. Blair: Before the Crittenden Railroad connected with the Rock Island at Heth, the only way they could get freight and ship freight was from and by the St. Louis, Iron Mountain & Southern Railroad. When our road connected with the Rock Island at Heth arrangements were made for through rates and routes, which gave Earl a competitive service, thereby greatly facilitating ordinary business transactions.

Mr. Marsilliot: Are you able to state what effect that competitive transportation service had upon the growth and development of

the town of Earl?

Mr. Blair: I would say it had a great deal.

Mr. Marsilliot: I want to ask you what effect the construction of that road to a connection with the Rock Island at Heth had upon the rates paid by the merchants at Earl, for instance, on traffic to Memphis of various kinds; take cotton, for instance.

Mr. Blair: The rates remained the same in all cases, with the

exception of cotton; the cotton rate was reduced somewhat.

Mr. Marsilliot: Well, about what percentage?

Mr. Blair: I do not know; 25 or 30 per cent, probably.
Mr. Marsilliot: In other words, after the construction of
your road to the connection with the Rock Island, the merchants at
Earl got a reduction of some 25 or 30 per cent in the rate on cotton
to Memphis?

Mr. Blair: Yes, sir.

Mr. Marsilliot: I want to ask you right there about how much cotton is shipped, in a general way, from Earl to Memphis. per annum?

Mr. Blair: Probably this year something over 6,000 bales will

be shipped.

Mr. Marsilliot: How much of that will be handled by your road, as near as you can tell?

Mr. Blair: About fifty per cent.

Mr. Marsilliot: About 50 per cent goes down over the Crittenden Road south to Heth, and then over the Rock Island to Memphis?

Mr. Blair: Yes, sir.

Commissioner Harlan: What is the mileage by that route?

Mr. Blair: It is 15 miles from Earl to Heth, and 1 think 24 or 25 miles from Heth to Memphis.

Commissioner Harlan: What is the mileage over the Iron

231 Mountain route into Memphis? Mr. Blair: 25 or 26 miles, about.

Commissioner Harlan: Twenty-five miles, as against 40 over your road?

Mr. Blair: Yes, sir.

Mr. Marsilliot: But the rates are the same by either route?

Mr. Blair: They are.

Mr. Marsilliot: I will ask you to illustrate some of the divisions of rates between your road and the Iron Mountain and the Rock

Island. Just select any illustrations that occur to you.

Mr. Blair: The divisions are the same in all cases; that is, we get the same divisions from the Rock Island as the Iron Mountain. The rate to Memphis is six cents, of which we get two cents; to Cairo and St. Louis it is ten to twelve cents, of which we get two cents, and to Kansas City, sixteen cents, of which we get two cents.

Mr. Marsilliot: So you never get more than two cents division on

any of that traffic?

Mr. Blair: Never more than two cents on forest products

Mr. Marsilliot: Considering the service your road renders
and that it is the initial line, do you think that is a fair
division?

Mr. Blair: I think it is a very fair division.

Mr. Marsilliot: Well, fair to whom?

Mr. Blair: To everybody.

Mr. Marsilliot: Is there any such thing on your road as the milling in transit scheme we have talked about here this morning?

Mr. Blair: No.

Mr. Marsilliot: You have no such feature of that kind on your road at all?

Mr. Blair: No.

Mr. Marsilliot: There is nothing of that kind in connection with the Crittenden Lumber Company?

Mr. Blair: No.

Mr. Marsilliot: What sort of an outfit have you got at the town of Earl in the way-

Commissioner Harlan: Where are the forests of the Crittenden

Lumber Company?

Mr. Blair: The mill of the Crittenden Lumber Company is situated two miles south of Earl, and when we commenced there, their woods were all around us: the timber was drawn from the woods that were nearest the mill, and as we progressed 233 the road was built longer and longer, and the holdings of the

Crittenden Lumber Company are of course farther and farther away. Commissioner Harlan: How do you get you logs now to the mill? Mr. Blair: The Crittenden Railroad Company hauls them.

Commissioner Harlan: What charge does that railroad make?

Mr. Blair: \$5.00 per log car.

Commissioner Harlan: Against the lumber company?

Mr. Blair: Yes.

Commissioner Harlan: Regardless of the distance?

Mr. Blair: That takes it to the Rock Island Road. We are now just continuing our road, or extending our road beyond, and there will be a charge of \$7.00 when we get down there, but at present it is \$5.00 regardless of distance.

Commissioner Harlan: When kind of rate do you call that?

Mr. Blair: Per car load rate, flat rate. Commissioner Harlan: Is that published?

Mr. Blair: Yes, sir.

Commissioner Harlan: With the Interstate Commerce Commission?

Mr. Blair: With the State Commission. 234

Commissioner Harlan: When the lumber is manufactured, and you haul it out to the Iron Mountain at Earl, what division do you get?

Mr. Blair: Two cents.

Commissioner Harlan: On the Memphis rate?

Mr. Blair: All rates.

Commissioner Harlan: When you haul it out to the Rock Island Junction you get two cents?

Mr. Blair: Yes, sir.

Commissioner Harlan: What part of your manufactured lumber goes out over the Rock Island?

Mr. Blair: Probably 50 per cent.

Commissioner Harlan: Did you get any allowance from the Iron Mountain before the railroad was incorporated?

Mr. Blair: Yes, sir.

Commissioner Harlan: What was it?

Mr. Blair: I think it was the same as it is now.

Commissioner Harlan: Do you have any equipment—I have forgotten whether it has been stated——

Mr. Marsilliot: I was just coming to that.

Mr. Blair: We have equipment, but none of our own equipment is interchanged with the other roads.

Commissioner Harlan: You have only the logging equip-

ment?

Mr. Blair: And a few other box and flat cars, which we use for the general business.

Commissioner Harlan: How many locomotives?

Mr. Blair: Two.

Commissioner Harlan: Do you have any special locomotives in the logging business?

Mr. Blair: Only two on the entire road.

Examiner Burchmore: You said there are no milling in transit rates or privileges on your railroad?

Mr. Blair: Yes, sir.

Examiner Burchmore: Were there not formerly such privileges and divisions?

Mr. Blair: No, sir.

Mr. Marsilliot: Coming now to the road itself, beginning with the town of Earl, what sort of facilities have you in that town such as a depot and engines—

Commissioner Harlan: The depot at Earl has been described.

Have you public team tracks there?

Mr. Blair: Yes.

Commissioner Harlan: How many?

236 Mr. Blair: One.

Commissioner Harlan: How many cars will it hold? Mr. Blair: A number. All that any one would want to use.

Commissioner Harlan: Have you an agent there for less than carload freight?

Mr. Blair: Yes, sir.

Mr. Marsilliot: And he does not do anything else but that?

Mr. Blair: That is all.

Mr. Marsilliot: How is that road constructed, standard or narrow gauge?

Mr. Blair: Standard gauge.

Commissioner Harlan: What is the iron?

Mr. Blair: 35 pound steel, and some 65; just a little.

Mr. Marsilliot: Let us come to your train service. What sort of a train service do you have?

Mr. Blair: We run a local freight from Crittenden to Heth, which returns with a package car from Memphis every day, which it delivers at Earl, or returns to Crittenden and goes to other points along the road.

Mr. Marsilliot: And that drops the freight packages along the road, according to the destinations?

Mr. Blair: The big bulk of it is for Earl.

237 Mr. Marsilliot: Now, what do you do in the way of securing business for that road, where do you solicit business and how do you solicit it?

Mr. Blair: That package freight coming from Memphis, the Rock Island are of course interested in getting a good deal of freight———

Commissioner Harlan: Let us not go over that. That is suffi-

ciently in the record.

Mr. Marsilliot: At the present time, taking the total tonnage of your road, about how much of its business is transacted for the Crittenden Lumber Company and about how much for the public?

Mr. Blair: I would say not over 35 per cent for the Crittenden Lumber Company. I have not the exact figures, but about 35 to 40 per cent; not over 40 per cent for the Crittenden Lumber Company and the balance for the general public.

Mr. Marsilliot: You have your through and local tariffs published and regularly on file with the State and Interstate Commerce Com-

mission?

Mr. Blair: Yes, sir.

238 Mr. Marsilliot: Have you made your reports regularly to the Interstate Commerce Commission?

Mr. Blair: Yes, sir.

Mr. Marsilliot: Have you ever received any complaint about your manner of keeping accounts or rendering your reports?

Mr. Blair: We have had some explanations to make, which have

always been satisfactory.

Mr. Marsilliot: I want to ask about this train service. What have you to say about the public log loading service on your road?

Mr. Blair: There are mills on our line which buy timber along

our line, which we are required to load for them and haul to their

Mr. Marsilliot: But they pay you your regular local tariff?

Mr. Blair: Yes, sir.

Commissioner Harlan: Their mills are on your line?

Mr. Blair: Yes. sir.

Mr. Marsilliot: Before I forget it, the Crittenden Lumber Company pays your road the same as any other enterprise located on your road?

Mr. Blair: Yes, sir.

Mr. Marsilliot: Does it receive any service or any different service or different rate from any other enterprise on your line?

Mr. Blair: Absolutely none.

Mr. Marsilliot: Does it pay the regular local and through rates on the service rendered to it by your railroad company?

Mr. Blair: In every case.

Mr. Marsilliot: How often are those settlements made, Mr. Blair?

Mr. Blair: Once a month.

Mr. Marsilliot: We will come to the enterprises on your road. How many are there, and what do they consist of?

Mr. Blair: Butler & Linster are at one end of the road, as a stave

mill.

Mr. Marsilliot: Let us take them one at a time. What is their business?

Mr. Blair: They make staves.

Mr. Marsilliot: How much, in a rough way, do they ship per month?

Mr. Blair: I do not know.

Commissioner Harlan: It would be much more satisfactory to have those details in the form of an exhibit. It is impossible to remember these amounts, and we would have to examine the exhibits anyway. If you will prepare an exhibit giving the names of these industries and their location and the business in which they deal, and the amount of freight you have handled in the last three years for each of them in and out—

Mr. Marsilliot: We will do that. There are seven enterprises lo-

cated on your line?

Mr. Blair: Yes, sir.

Mr. Marsilliot: How did they happen to locate there?

Mr. Blair: We induced them to, by proving to them it was advantageous to do so, inasmuch as the location was good and the rates were the same.

Mr. Marsilliot: What representation did you make to them with

reference to public transportation service?

Mr. Blair: That it was the same on our road as on any road, and the through rates were the same from any point on our line as from Earl or Heth.

Mr. Marsilliot: Have those representations been carried out by your road?

Mr. Blair: Yes, sir.

Mr. Marsilliot: I want to ask you about how much land, in a rough way, there is in cultivation along the line of your road. I do not mean to the acre, but as near as you can get at it.

Mr. Blair: Our road is 15 miles between Earl and Heth, and for half of that distance it is cultivated on both sides of the road, and the other half is being put into a state of cultivation.

Mr. Marsilliot: About how many acres, in round figures, as near

as you can get at it?

Mr. Blair: Probably 10,000 acres.

Mr. Marsilliot: What proportion do the timber holdings of the Crittenden Lumber Company bear to the total timber area along the line of your road, in other words, taking the total area as 100 per cent, about what percentage of timber contiguous to your road does the Crittenden Lumber Company own?

Mr. Blair: Up to the present time they have owned probably 75 per cent; that is on a mileage on each side of the road I would say

75 per cent.

Mr. Marsilliot: Up to the present time?

Mr. Blair: Yes, sir.

Mr. Marsilliot: As I understand, a great deal of that timber has been removed?

Mr. Blair: Yes, sir.

Mr. Marsilliot: What has been done with the land after the timber has been removed?

Mr. Blair: It has been largely sold to northern farmers, who have

come down there to settle.

Mr. Marsilliot: What representations have you made to them

about transportation service?

Commissioner Harlan: You need not go further into that. this witness can show by exhibits the traffic he has moved for the farmers, that is all he need to show.

Mr. Marsilliot: We will do that. Now, from your familiarity with this situation. I should like to have you explain to the Commission what, in your opinion, will be the necessary effect of the can-

cellation of these divisions of through rates, and why?

Mr. Blair: It will necessarily make an increase in the rate, because everybody along our line will have to pay a local rate in addition to the rate which is now in effect from Memphis to destination along our line, and the mills located on our line I understand cannot stand

the additional expense; they will have to be moved, which

will take their tonnage away from us. 243

Mr. Marsilliot: Well, now, right there I want to ask ou, what have you done in the way of building spur tracks and switches

for enterprises on your line?

Mr. Blair: We have built one spur track of four and a half miles to a mill whose capacity is two carloads of lumber a day. We have built another spur to a plant whose capacity is probably two carloads a week. We have built two of that kind.

Commissioner Harlan: Are those lumber mills?

Mr. Blair: Lumber mills; and another spur probably three-quar-

ters of a mile long, which goes to two mills.

Mr. Marsilliot: Is the Crittenden Railroad, or any of its stockholders, interested in any of those other enterprises on your line?

Mr. Blair: None whatever, to my knowledge.

Mr. Marsilliot: Have you got any interest in any of them?

Mr. Blair: No. sir.

Commissioner Harlan: Did your question include the stock holders? Did the stockholders of the Crittenden Lumber Company?

Mr. Blair: I understood the question that way, and I answered

Commissioner Harlan: The Crittenden Lumber Company 244 or its stockholders have no interest in the forests that those other lumber companies are operating?

Mr. Blair: They have no interest in them whatever.

Examiner Burchmore: You said there were no milling in transit arrangements; on file with the Commission is Rock Island tariff No. I. C. C. 8630 and Iron Mountain A-974, which may have been cancelled by this time; I do not know whether they are still in effect, but they are said to contain milling in transit rules applicable over the Crittenden Railroad, and by the Crittenden Railroad. Now, that your memory is refreshed by reference to those tariffs, do you remember whether such milling in transit arrangements have been in effect?

Mr. Blair: I do not remember them and I know if they are in effect, they have never been taken advantage of.

Examiner Burchmore: Will you not look into the matter upon your return to your office, and advise the Commission formally by way of supplement to your testimony on that point?

Mr. Blair: Let me have those tariff numbers.

Examiner Burchmore: Rock Island I. C. C. 8630 and Iron Mountain Λ-974. The Commission also has a division sheet issued by the Chicago, Rock Island & Pacific on January 1st, 1909, numbered percentage issue No. 11, providing a basis for dividing freight rates with the Crittenden Railroad. I do not know whether that is your present division sheet. Do you know whether it is?

Mr. Blair: I think there has been another one since.

Examiner Burchmore: This division sheet provides that on lumber in carloads from stations on the Crittenden Railroad to all stations in Arkansas on the Rock Island or Frisco the divisions will be as follows, to the Crittenden Railroad, free; to the Rock Island and connections, the remainder. That indicates evidently that on traffic within the State of Arkansas the Crittenden Railroad hauls it free for the lumber company?

Mr. Blair: Yes, sir.

Examiner Burchmore: Have you any explanation to make of that arrangement?

Mr. Blair: None other than when the connection was made with the Rock Island they gave the railroad no division of intrastate freight business.

Examiner Burchmore: Is that explained by any action of the Arkansas State Commission with respect to such divisions?

Mr. Blair: Not that I know of.

Commissioner Harlan: What is the explanation?

Mr. Blair: I do not know. We never did get it, and that is all I know.

Examiner Burchmore: What is the explanation for your willingnes to haul it free for the shipper?

Mr. Blair: The only explanation is that — is very little business for us in Arkansas.

Commissioner Harlan: Are you permitted under the laws of Arkansas to haul free for a shipper?

Mr. Blair: I presume not.

Commissioner Harlan: Still you are doing it?

Mr. Blair: It seems so.

Commissioner Harlan: Is that all the explanation you have to make?

Mr. Blair: That is all the explanation I can make; ves, sir.

Examiner Burchmore: Will you furnish the Commission with a

copy of the present division sheet of the Rock Island."

Commissioner Harlan: I would like to put one question now on that matter. You are now hauling it free, and the tarrif so prevides.

Mr. Blair: Yes, sir, the tariff so provides 247

Commissioner Harlan: Does the fact that the ranguagesons pany is owned by the lumber company have any relation to ther.

Mr. Blair: Absolutely none: no sir.

Examiner Burchmore: You have a passenger traffe."

Mr. Blair: Yes. sir.

Examiner Burchmore: Have you any passenger equipment."

Mr. Blair: No.

Examiner Burchmore: Possengers are handed in cultures

Mr. Blair: Yes. sir.

Examiner Burchmore: De tas et ers pay any fare?

Mr. Blair: No.

Examiner Burchmore: They are hauled free

Mr. Blair: Yes. sir.

Examiner Burchmore: That includes the maveling public as well as employees of your community?

Mr. Blair: Yes sir.

Mr. Marsilliot: Are you not mistaken about that " Take a russenger getting on with a package or something of that kind-

Mr. Blair: If a passenger gets on and he has a grap or hig bundle, he pays 25 cents or a dime for the printless of cur-248

rving it down the line.

Commissioner Harlan Do you haul hunder for and other than the Crittenden Lumber Company without charge in the State of Arkansas?

Mr. Blair: Well, I cannot state

Commissioner Harlan: You must have some precision about that, Mr. Blair: I think there is a charge, but what it is, I do not know. Commissioner Harlan: My precise question was whether was hauled it free of charge

Mr. Balir: No. sir.

Mr. Marsilliot: Is there any lumber originating on your line of road sold to points in Arkansas, to amount to anything*

Mr. Blair: No, very, very little.
Mr. Marsilliot: When was the last time you remember of a carrinal going off of your railroad to any point in Arkansas*

Mr. Blair: I do not remember of one.

Mr. Marsilliot: In other words, that traffic moved to points east of the Mississippi River and to points north and west of the State of Arkansas?

Mr. Blair: Yes. sir.

249 Examiner Burchmore: Have you filed with the Incorsume Commerce Commission any local rates between surrous as your own line?

Mr. Blair: No.

Examiner Burchmore Do you handle any traffic which has origi-

nated in Memphis or St. Louis and is billed to points on your line on combinations, by using your local rates, which is not published with the Commission?

Mr. Blair: No.

Examiner Burchmore: You have joint through rates from Memphis and St. Louis?

Mr. Blair: Yes. Examiner Burchmore: Do you file annual reports of statistics with the Interstate Commerce Commission?

Mr. Blair: Yes. sir.

Examiner Burchmore: When was the last one filed?

Mr. Blair: June 30, 1908 to 1909.

Examiner Burchmore: Do you file monthly reports.

Mr. Blair: No.

Examiner Burchmore: Accident reports?

Mr. Blair: No.

Examiner Burchmore: Are your cars equipped with safety devices, as required by the Interstate Commerce Comission?

Mr. Blair: Couplers, but no air brakes.

Examiner Burchmore: Do you keep your system of accounts in accordance with the rules promulgated by the Interstate Commerce Commission?

Mr. Blair: Not entirely.

Examiner Burchmore: Are those exceptions of an important na-

ture, or is it substantially different?

Mr. Balir: Well, it is substantially different. We keep a set of books as a double entry system, and from that system we send everything to the Interstate Commerce Commission in their annual report

Commissioner Harlan: Have you any questions, Judge Cowan?

Mr. Cowan: No questions, so far as I am concernel.

Mr. Coleman: What are the divisions of the through rates on the traffic from Memphis and St. Louis inbound? Mr. Blair: I cannot state offhand. I think it is about-I do not

know: I cannot state offhand.

Mr. Coleman: La you know what you get on that haul of cotton? Mr. Marsilliot: From where do you mean; from Earl to Mem phis?

251 Mr. Coleman: Yes, if you remember. Mr. Blair: No, sir, I cannot remember,

Mr. Coleman: What percentage does the lumber traffic bear to all the traffic, if you know?

Mr. Blair: No, I have never made up those things. Mr. Coleman: Your position, then, is that the divisions you re ceive on the cotton and merchandise from St. Louis is comparatively unimportant, compared with the lumber?

Mr. Blair: Yes, sir:

Mr. Coleman: It is so unimportant that you do not even know?

Mr. Blair: Oh, no; it is considerably more than that,

Mr. Coleman: But the main thing is the division on the lumber!

Mr. Blair: Yes, sir.

Mr. Marsilliot: Is it possible for you, without the tariff before you to keep in your mind the divisions on all of the numberless and varied classes of commodities that you haul from various points?

Commissionr Harlan: Now, we all know that it is not, but we thought he might know something about that. If he does not, he

might ascertain that.

Mr. Blair: I will have it in the division sheets which I will show.

Commissioner Harlan: We will adjourn at this point until ten

o'clock tomorrow morning.

Whereupon, at 5:30 P. M., an adjournment was taken until Friday, December 9, 1910, at 10:00 A. M.

New Orleans, La., December 9, 1910.

Met pursuant to adjournment at 10:00 A. M.

Present: Parties as before.

Commissioner Harlan: The stenographer informs me that not more than half of the parties in attendance have filed appearances, as requested yesterday. I hope it will be understood that the Commission cannot act on any case unless the record shows that that road is here. It becomes very important, therefore, for all the tap lines, so-called, that are seeking a restoration of through rates to indicate that desire by filing their appearances of record. The Commission will not consider any case that does not appear of record.

Mr. Brady: On the question of reparation, some are cited here who have not entered an appearance, where there has been no

cancellation of the divisions.

Commissioner Harlan: I should advise those roads to enter their appearance also. The Commission is going to deal with the whole

question.

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Mr. Cowan: If I may make the suggestion, that if there is a list, complete or otherwise, so that the names could be called, that the list be gone over and the names be called, because persons who have not entered their appearence may do so orally,

and it might save a good deal of complication if the names were called, and let those enter their appearance who happen to be here, or, if they are here and do not want to appear, they

can do that.

Commissioner Harlan: That seems to be a good suggestion. There are a great many of them on the list before us at this time, but I will call them off, and if any one appears, they will at once arise and state their names.

The first on the list is the Anderson & Saline River Railway.

(No response.)

Commissioner Harlan: Antoine Valley Railroad Company.

(No response.)

Commissioner Harlan: The Arkansas Eastern Railroad.

Mr. Andrews: Sidney F. Andrews.

Commissioner Harlan: Bearden & Ouachita River Railroad.

Mr. Beland: Mr. J. H. Beland.

Commissioner Harlan: Beirne & Clear Lake Railroad.

(No response.)

Commissioner Harlan: Blytheville, Burdette & Mississippi River Railroad.

(No response.)

Commissioner Harlan: Brookings & Peach Orchard Rail-255 road.

(No response.)

Commissioner Harlan: Crossett Railway. That road was repre-

sented yesterday.

Mr. McRae: I am here, and a written appearance was filed for

that road.

Commissioner Harlan: De Queen & Eastern Railroad.

Mr. Kirkpatrick: John S. Kirkpatrick.

Commissioner Harlan: Doniphan, Kensett & Searcy Railway.

Mr. Burdette: I appear for that road. Commissioner Harlan: El Dorado & Wesson.

Mr. Niehauss: C. W. Niehauss.

Commissioner Harlan: Cornie Valley.

(No response.)

Commissioner Harlan: Elmore & Southwestern.

(No response.)

Commissioner Harlan: England & Clear Lake Railway.

(No response.)

Commissioner Harlan: Fordyce & Princeton.

Mr. Murray: W. T. Murray.

Commissioner Harlan: Fourche River Valley & Indian Territory Railway.

Mr. Bigelow: N. B. Bigelow. 256

Commissioner Harlan: Freeo Valley Railway.

Mr. Bower: Edward Bower.

Commissioner Harlan: Greenfield & Southeastern.

(No response.)

Commissioner Harlan: Griffen, Magnolia & Western.

(No response.)

Commissioner Harlan: Helena, Parkin & Northern.

(No response.)

Commissioner Harlan: Homan & Southeastern.

(No response.)

Commissioner Harlan: Kearney & Sheriden.

(No response.)

Commissioner Harlan: L'Anguille River Railway.

(No response.)

Commissioner Harlan: Lester & Ouachita Valley Railroad.

(No response.)

Commissioner Harlan: Little Rock Maumelle & Western. Mr. Mehaffy: An appearance has already been entered.

Commissioner Harlan: Little Rock, Sheridan & Saline River Railway.

(No response.)

Commissioner Harlan: Louisiana & Pine Bluff. 257

Mr. Scott: F. W. Scott.

Commissioner Harlan: Luchrmann & Western Railway.

(No response.) Commissioner Harlan: The Malvern & Freeo Valley Railway.

That was before us yesterday.

Mississippi, Arkansas & Western Railway.

(No response.)

Commissioner Harlan: Mississippi Valley Railroad.

Mr. Ziebold: Charles F. Ziebold. Commissioner Harlan: The Osceola, Little River & Western Railroad.

(No response.)

Commissioner Harlan: Ouachita Valley Railway.

Mr. Buchner: C. A. Buchner.

Commissioner Harlan: Perla Northern Railroad.

Mr. Armistead: H. M. Armistead.

Commissioner Harlan: Prescott & Northwestern Railroad

Mr. McRae: I have already entered my appearance.

Commissioner Harlan: Red River Valley.

(No response.)

Commissioner Harlan: Rison & Mt. Elba Railroad.

(No response.) 258

Commissioner Harlan: Round Top Terminal Company

(No response.) Commissioner Harlan: Saginaw & Ouachita River Railway.

Mr. Mehaffy: My appearance has been noted. Commissioner Harlan: Saline Bayou Railway.

(No response.)

Commissioner Harlan: Saline River Railway.

Mr. Stocking: An appearance was entered yesterday for that road.

Commissioner Harlan. Thornton & Alexandria Railway.

Mr. Beland: J. H. Beland.

Commissioner Harlan: Warren & Ouachita Valley Railroad.

(No response.)

Commissioner Harlan: Warren, Johnsville & Saline River Railroad.

(No response.)

Commissioner Harlan: Wilmar & Saline Valley Railroad

(No response.)

Commissioner Harlan: Wilson Northern Railway.

Mr. Coleman: Charles T. Coleman.

Commissioner Harlan: Wyandotte & Southeastern Rail-

259 way.

(No response.) Commissioner Harlan: Arkansas & Gulf Railroad.

Mr. Kimball: Mr. M. Kimball.

Commissioner Harlan: Arkansas Southeastern Railroad.

(No response.)

Commissioner Harlan: Bernice & Northwestern Railway.

(No response.)

Commissioner Harlan: Bodcaw Valley Railway Company.

(No response.)

Commissioner Harlan: Delhi, Baskin & Southwestern Railway Company.

(No response.)

Commissioner Harlan: Dorcheat Valley Railro d.

Mr. McRae: I have entered an appearance.

Commissioner Harlan: Enterprise Railway Company.

(No response.)

Commissioner Harlan: Gulf & Sabine River Railroad, Fullerton Division.

(No response.)

Commissioner Harlan: Gulf & Sabine River Railroad, Stables Division.

(No response.)

260 Commissioner Harlan: Kentwood & Eastern Railway Company.

(No response.)

Commissioner Harlan: Kentwood, Greensburg & Southwestern Railroad Company.

Mr. Brady: T. Brady, Jr.

Commissioner Harlan: Lake Charles Railway & Navigation Company.

Mr. Webber: W. B. Webber and Luther M. Walter.

Commissioner Harlan: Loring & Western Railway Company. (No response.)

Commissioner Harlan: Louisiana & Pacific Railway.

Mr. Thurmond: W. R. Thurmond.

Commissioner Harlan: Louisiana Central Railroad.

Mr. Church: W. Q. Church.
Commissioner Harlan: Louisiana Railway Company.

Mr. McRae: I have filed an appearance.

Commissioner Harlan: Mangham & Northeastern Railway.

(No response.)

Commissioner Harlan: Mansfield Railway & Transportation Company.

Mr. Frost: E. A. Frost.

Commissioner Harlan: Martindale & Ouachita River Rail-261 road Company.

(No response.)

Commissioner Harlan: Mill Creek & Little River Railway & Navigation Company.

(No response.)

Commissioner Harlan: Missouri & Louisiana Railroad.

Mr. Sargent: John A. Sargent.

Commissioner Harlan: There seems to be two roads of that name.

Mr. Sargent: One corporation operates all of them.

Commissioner Harlan: Monroe & Southwestern Railway Company.

Mr. McLurg: P. S. McLurg.

Commissioner Harlan: Natchez, Ball & Shreveport Railway Company.

(No response.)

Commissioner Harlan: Natchez, Urania & Ruston Railway.

(No response.)
Commissioner Harlan: New Orleans, Natalbany & Natchez Railway Company.

Mr. Brady: T. Brady, Jr.

Commissioner Harlan: North Louisiana & Gulf Railroad.

Mr. Hobbs: W. S. Hobbs.

262 Commissioner Harlan: Ouachita & Northwestern Railroad.

Mr. Riddell: J. D. Riddell. Commissioner Harlan: The Red River & Gulf is already before us. Red River & Rocky Mount Railroad.

Mr. Ziebold: I appear for that road.

Commissioner Harlan: Sabine & Eastern Railway.

Mr. Kirkpatrick: J. S. Kirkpatrick.

Commissioner Harlan: Sabine & Northern Railroad Company.

Mr. Sugar: My appearance has been filed.

Commissioner Harlan: Sibley, Lake Bisteneau & Southern Railway.

Mr. Thurmond: W. R. Thurmond.

Commissioner Harlan: The Tioga & Southeastern Railway.

(No response.)

Commissioner Harlan: The Tremont & Gulf Railway.

Mr. Seaman: I appear for that company.

Commissioner Harlan: Victoria, Fisher & Western Railroad Company.

Mr. Riddell: J. D. Riddell.

Commissioner Harlan: Woodworth & Louisiana Central Railway Company.

Mr. Thurmond: W. R. Thurmond.

263 Commissioner Harlan: Zwolle & Eastern Railway. Mr. Ziebold: Charles F. Ziebold.

Commissioner Harlan: Angelina & Neches River Railroad.

A Voice: Luther M. Walter will represent that road. Commissioner Harlan: Beaumont & Saratoga Transportation Com-

pany.

(No response.) Commissioner Harlan: Beaumont & Great Northern Railroad.

(No response.)

Commissioner Harlan: Caro Northern Railway.

Mr. Saner: J. S. Saner.

Commissioner Harlan: Durham Transportation Company.

(No response.)

Commissioner Harlan: Galveston, Beaumont & Northeastern.

(No response.)

Commissioner Harlan: Groveton, Lufkin & Northern Railway.

Mr. Garwood: The appearance was entered yesterday.

Commissioner Harlan: Jefferson & Northwestern Railway.

(No response.)

Commissioner Harlan: Livingston & Southeastern Railway. (No response.)

Commissioner Harlan: Moscow, Camden & San Augustine.

264 Mr. Mantooth: E. J. Mantooth.

Commissioner Harlan: Nacogdoches & Southeastern Reilroad.

Mr. Smith: W. B. Smith,

Commissioner Harlan: Shreveport, Houston & Gulf Railroad.

A Voice: Luther M. Walter will represent that road. Commissioner Harlan: Texas Southeastern Railroad.

M[#]. Greer: George C. Greer. My appearance was entered yesterday.

Commissioner Harlan: Timpson & Henderson Railroad.

(No response.)

Commissioner Harlan: Trinity Valley & Northern. A Voice: Luther M. Walter will represent that road.

Commissioner Harlan: Trinity Valley Southern Railroad.

Mr. Powell: B. H. Powell.

Commissioner Harlan: 'Are there any other companies that have not been called?

Mr. McRae: The Caddo & Choctaw.

Commissioner Harlan: The appearance has been entered for that road.

Mr. Brady: The Natchez, Columbia & Mobile Railroad Company. I represent that company.

Commissioner Harlan: We only want such roads as have

265 not been called, who wish to enter their appearance.

Mr. Armistead: I desire to place Mr. H. H. Foster, of the Malvern & Freeo Valley Railroad on the stand in order that he may correct and explain his testimony.

H. H. Foster was recalled as a witness, and having been previously sworn, testified as follows:

Mr. Armistead: You wish to make a correction and an explanation of your testimony with reference to the connections of the incorporated road with the lumber company's tram road. Proceed.

and be as concise as possible.

Mr. Foster: I testified yesterday that the logging road south of Landers was owned by the lumber company, that portion of the line that is taken up and transferred from one place to another. That was true as to everything except the rail. The rail belongs to the Malvern & Freeo Valley Railroad Company, and is rented to the lumber company; that is, ten miles belongs to them and ten miles of the rail was secured through the Malvern & Freeo Valley from the Rock Island on a rental valuation and by them rented to the lumber company, so that the 18 miles of rail that lies south of

Landers is the property of the Malvern & Freeo Valley Railroad, and by them rented to the lumber company. That was not in accordance with my testimony yesterday. I could not

think fast enough to state the details,

Commissioner Harlan: And ten miles were furnished by the Rock Island?

Mr. Foster: The Malvern & Freeo Valley rents that ten miles from the Rock Island road, and in turn rents it to the lumber company.

Commissioner Harlan: Is the rent reserved in the contract which

is already in evidence?

Mr. Foster: Yes, sir.

Mr. Armistead: That rail is used in your temporary trams, and laid into the woods, and moved from time to time?

That is the end of the track south of Mr. Foster: Yes. sir.

Landers.

Mr. Armistead: That is the lumber company's trams?

Mr. Foster: Yes, sir.

Commissioner Harlan: While you are on the stand I would like to know whether it is not true that the Malvern & Freeo Valley Railroad was incorporated by you at the suggestion and advice of the Rock Island?

Mr. Foster: No, sir: I do not think that is true at all. The incorporation of that road was the outgrowth of the sitting 267 of the Commission in St. Louis in about 1904, when it was stated by the Commission that lines at least to be common carriers must be incorporated, and both the Iron Mountain and the Rock Island insisted that if these relations were to exist, that we must become an incorporated line, and we incorporated.

Commissioner Harlan: Well, your attention was called to that

proceeding by these two roads?

Mr. Foster: I was present at the hearing. Commissioner Harlan: That seems to be all.

Mr. Cowan: I would like to ask what the object of renting rails

What is the reason for renting rails?

Mr. Foster: Well, sometimes it fits your financial situation better

to pay six per cent interest than to buy rails at-

Mr. Cowan: But as between the Freeo Valley Railroad and the lumber company, the Wyoming or Wisconsin, or whatever the name of it is: how could it fit the financial situation there to rent the rails?

Mr. Foster: I explained yesterday all the railroad's property or property which came under a general railroad character was incorporated under the charter, already, received from the state,

and put in to constitute its capital stock....

268 Mr. Cowan: But I am speaking now of renting rails. I can not see why there would be a rental arrangement for renting rails

as between your lumber company and the railroad company.

Mr. Foster: I do not see why; it is just as legitimate as the renting of rails between the lumber company and any other railroad company. They might rent them from the Rock Island, the Santa Fe or the Iron Mountain.

Mr. Cowan: Why does not the lumber company continue to own the rails it uses on its own track, instead of renting them from any-

body? Mr. Foster: They did not want to. I think they were clearly moving within their rights when they shaped it up as they did.

Mr. Cowan: Who determines the rental of rails?

Mr. Foster: I don't know; that is a pretty old proposition; it is

too far back for me.

Mr. Cowan: I am talking now about the rental as between the Malvern & Freeo Valley Railroad and your lumber company; how did it come about you were making that arrangement to rent rails?

Mr. Foster: I tried to make it clear to you that we took 269 the railroad property that could be headed under such. and naturally would be headed under such property, and put it in one corporation.

Mr. Cowan: And turned it over to the railroad company? Mr. Foster: Yes, sir, and rails naturally were that part of it.

Mr. Cowan: And that included the rails that were used out in the lumbering district, in the lumber?

Mr. Foster: There were very few of them at that time.

Mr. Cowan: Well, whatever it was, was included?

Mr. Foster: Yes, sir.

Mr. Cowan: And then as the lumber company was using those rails, you rented them back to the lumber company?

Mr. Foster: Yes.

270

Mr. Cowan: And then you employed the railroad company to move over the rails they had rented to the lumber company, the logs from your timber, and paid them so much for moving the logs?

Mr. Foster: Yes, sir.

Mr. Cowan: Who conceived that?

Mr. Foster: You understand south of Landers we go there into the timber, and those tracks, it would be an utter impossibility to

incorporate and maintain any particular line for any length of time. You are changing about all over the woods; every

40 acres gets a track across it, and it was these rails that were rented by the railroad to the lumber company, a proposition that is frequently entered into between roads, and is quite a common practice.

Mr. Cowan: I fail to see the object, though, of the railway company owning the rails, and the lumber company renting the rails

from the railroad company,

Mr. Foster: Well, I can give you no more object in it than simply the convenience of the arrangement, because it was property of a railroad character, under one heading.

Mr. Cowan: What rental was paid?

Mr. Foster: Six per cent on a valuation of \$28.00 a ton. I think. was the arrangement.

Mr. Cowan: Simply interest on the investment, then?

Mr. Foster: Yes.

Mr. Cowan: And not a rental?
Mr. Foster: That is the rental; that was the rental consideration.

Mr. Cowan: Where is that denominated a rental?

Mr. Foster: I do not know.

Mr. Cowan: Why would it be denominated a rental, if it

271 is six per cent on the cost of the rail?

Mr. Foster: We are willing to rent at it. Other roads are willing to, and rails can be secured from any line, I think.

Mr. Cowan: Anything for deterioration?

Mr. Foster: No.

Mr. Cowan: Any provision for supplying new rails when those are worn out at the end of the rental period?

Mr. Foster: Yes, sir.

Mr. Cowan: And that is in the contract you have filed?

Mr. Foster: Yes, sir, I think so,

Mr. Armistead: That contract is on file with the Commission,

is it not?

Mr. Foster: I do not know whether the contract between the lumber company and the Malvern & Freeo Valley is on file with the Commission or not. I think it is.

Mr. Armistead: I am sure it is.

Commissioner Harlan: If it is not, we would like to have you produce a copy.

Mr. Armistead: I am confident it is on file.

Commissioner Harlan: Is Landers a station which has been fixed for some time where it now is?

Mr. Foster: Yes, sir; we built directly there, and never

272 changed.

Mr. Andrews: I think you misunderstood about Landers. You said you built at Landers.

Mr. Foster: We built from Walco to Landers originally, and the point has never been changed.

Mr. Andrews: You did not build anything at Landers, except

the track?

Mr. Foster: No, it is the terminus of the road, and always has been. Logging operations started from there, and the lines branch out all through the woods.

Mr. Coleman: Is your rental that the lumber company pays the Malvern & Freeo Valley the same as the Freeo Valley pays the Rock Island?

Mr. Foster: Yes, sir.

Mr. Coleman: Do you carry that in the books of the lumber company?

Mr. Foster: Yes.

Mr. Coleman: Charged against the logging operations? Mr. Foster: Charged against the logging operations.

Mr. Marsilliot: I would like to recall Mr. Blair. While he is taking the stand, I would like to file in the Butler County Railroad case, the answer of the Tyronza & St. Francis River Valley Railroad Company.

(The paper was marked "Filed, December 9, 1910," and

is attached hereto.)

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J. R. Blair was recalled as a witness, and having been previously sworn, testified as follows:

Commissioner Harlan: Before we go farther with this witness, I want to say that I have been laboring under some embarrassment as to the order in which these roads shall be called. I think perhaps not less than fifty requests have been made for a preferred status, and we have been giving a good deal of consideration to the matter over night as to what is the best and simplest way to proceed. It was agreed last night that the Butler County Road would come on after the road that is now before us, on the understanding that that would take a very short time; but from that point on there has been no agreement, and I have expressly declined to make One embarrassment is that the Commission has any agreement. indicated to a great many roads that they need not file formal petitions, and it has been pointed out very forcefully that the roads that

have taken advantage of that suggestion by the Commission ought not to be postponed until the last, and that seems to be

a fair and reasonable suggestion. We have concluded, therefore, inasmuch as we have started with the Rock Island road, that the simplest way is to go through with those roads. Many of them reach the Iron Mountain and other roads, and in going through with the Rock Island roads we will gather up a great many roads in which other regular lines are interested, and that probably will consume the day. So that those who are not interested in tap lines that reach the Rock Island may at least be excused until two o'clock, and after we get through the Butler County road we will commence to call the Rock Island roads alphabetically.

Mr. Scott: I understood from your Honor's statement vesterday that it was not necessary, in order to have a hearing here, that any

tap lines should file a petition at all.

Commissioner Harlan: It has been so understood that a formal petition is not necessary; but it is necessary that every tap line that is interested in the continuance of its divisions or allowances, whether they have been cancelled or not, shall appear at this hearing.

Mr. Marsilliot: Mr. Blair, you were asked yesterday after-275 noon with reference to a tariff issued by the St. Louis, Iron

Mountain & Southern Railroad Company that provided for a milling in transit rate on your road, that question being asked by the Commissioner. Now, I want to ask you if you ever saw or heard of that tariff until your attention was directed to it on vesterday afternoon.

Mr. Blair: No, sir.

Mr. Marsilliot: Did any official of your company ever directly authorize the issuance of a tariff providing for milling in transit privileges on your road? Mr. Blair: No, sir.

Mr. Marsilliot: Never to your knowledge?

Mr. Blair: No, sir.

Mr. Marsilliot: Now, Mr. Blair, if that is so, how do you explain, or have you any explanation, of how that tariff came into existence?

Mr. Blair: We gave the Iron Mountain a general--what do you call it—concurrence?

Mr. Marsilliot: A general concurrence agreement?

Mr. Blair: Yes, sir.

Mr. Marsilliot: And as I understand it, under that general concurrence the Iron Mountain issued this tariff. 276

Mr. Blair: I presume so.

Mr. Marsilliot: That is simply a presumption on your

Mr. Blair: Yes, sir.

Commissioner Harlan: You need not go further into that. It suf-

ficiently appears.

part?

Mr. Marsilliot: Just one more question on that. There never has been any sort of milling in transit arrangement with anybody at any time on your road, under that or any other tariff?

Mr. Blair: No.

Mr. Marsilliot: Now, Mr. Blair, you were asked yesterday afternoon by the Commission, with reference to a division sheet which seems to provide for something like a free haul on your road on business originating on your road and destined to points on other lines, but within the State of Arkansas. You were asked by the Commission to investigate that matter, and I will ask you if you have done so since the hearing vesterday afternoon.

Mr. Blair: Yes, sir,

Mr. Marsilliot: What have you to say with reference to that division sheet?

Mr. Blair: That division sheet calls for no division to the 277 Rock Island on business wholly within the State of Arkansas, which originates on our road; we get no division on such business; but the freight which we secure in payment of the haul is governed by our local tariff, which is filed with the State Commission.

Mr. Marsilliot: In other words, if I understand you, the word "free" as used in that division sheet means that the shipment is delivered free, so far as the trunk line is concerned; that is to say that the trunk line is under no obligations to allow your road a division on such traffic?

Mr. Blair: That is right,

Commissioner Harlan: Do you mean on a two line local move-

ment, that the Rock Island makes no charge?

Mr. Blair: They charge from the point of connection with our road, and we charge the local freight between the point of origin on our road, to the point of connection with the Rock Island, and that goes as advance charges on that shipment; in other words, if we should ship a car from Felco to Pine Bluff, the charge would be \$10 per car from Felco to Heth, and that would go as advance charges on the shipment, and the additional charges would be from Heth to Pine Bluff, all of which would be collected by the Rock Island.

Examiner Burchmore: I am not fully informed about 278 Arkansas state rates, but does not the Arkansas State Commission enforce some sort of joint rates between carriers in Arkansas, joint through rates?

Mr. Blair: As I understand it, we are allowed that. Now, if it is

illegal, I am not informed.

Examiner Burchmore: What I mean, are not there joint through rates from stations on your line on lumber in carloads to points on the Rock Island line in the State of Arkansas?

Mr. Blair: We are allowed by the State, because of being a tap

line, 150 per cent of the mileage that is collected.

Examiner Burchmore: There are no joint through rates from stations on your line to points in the State of Arkansas on other lines?

Mr. Blair: No.

Examiner Burchmore: Does that mean that you are getting a special status, other than the ordinary common carriers, in the State of Arkansas?

Mr. Blair: No.

Mr. Marsilliot: If I understand you, then, on what little business of that kind you did do, your road never hauled anything free for anybody?

279 Mr. Blair: No.

Mr. Marsilliot: And you got your local tariff rate on that traffic from the point of origin to your junction point?

Mr. Blair: Yes, sir.

Mr. Marsilliot: And that is fixed by the Railway Commission of Arkansas, as I understand?

Mr. Blair: Yes, sir.

Mr. Marsilliot: In all the years of your connection with the Crittenden Railroad, I will ask you to state to the very best of your recollection how many shipments were ever made over the railroad.

Mr. Blair: I have been with the Company eight years, and I do not suppose ten cars during that time have been shipped from any point on our road to any point in Arkansas.

Mr. Marsilliot: So it is a remote proposition?

Mr. Blair: Yes, sir.

Mr. Marsilliot: I neglected to ask you two questions yesterday, and I will ask them now, and then I am done. What did your depot at Earl cost, approximately?

Mr. Blair: About \$2,000.

Mr. Marsilliot: What sort of depot facilities have you at Heth in connection with the Rock Island Railroad?

280 Mr. Blair: The Rock Island own their own depot; we have none; our tracks go right to the Rock Island depot.

Mr. Marsilliot: And there is a joint use of the Rock Island depot?

Mr. Blair: Of the platforms; ves, sir.

Mr. Marsilliot: Now, my last question to you is this: As the matter stands now, what percentage of the whole area of timber along the line of the Crittenden Railroad does the Crittenden Lumber Company own, as it stands today?

Mr. Blair: Probably not more than ten per cent.

Mr. Marsilliot: Probably not more than ten per cent?

Mr. Blair: Yes, sir.

Examiner Burchmore: You testified yesterday that not rose \$5 per cent is traffic controlled by the Crittenden Lumber Company.

Mr. Blair: Yes, sir,

Examiner Burchmore: Has that been the prevailing ratio in the

past history of the railroad?

Mr. Blair: No; that is, as it has increased since our commentum with the Rock Island and our ability to handle freight into Early Commissioner Harlan: You said from 35 to 40 per cent"

Mr. Blair: Yes, sir; 35 to 40 per cent. ->-1

Commissioner Harlan: The records of the Commission seem to indicate that as much as 80 per cent of your traffic comes from the Crittenden Lumber Company.

Mr. Blair: It has in the past, but not in the past year. We commenced with the Rock Island about two years ago, and since than

time the other business has increased.

Commissioner Harlan: The statements made by the officers of your company to the officials of the Commission and now appearing on our records, were to the effect that 80 per cent of your traffic is Crittenden Lumber traffic. Now, as I understood in you gave a different impression yesterday. I want you to state to the best of your belief at this time, what is the relation of your traffic.

Mr. Blair: 35 to 40 per cent of the tonnage is from the Crimen-

den Lumber Company, today.

Commissioner Harlan: How long has that been so

Mr. Blair: For the past year.

Commissioner Harlan: Have you gone over the matter necessary and familiarized vourself with the fact?

Mr. Blair: Yes, sir.

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Commissioner Harlan: When did you do that?

Mr. Blair: Probably a month ago.

Commissioner Harlan: Did vou make any figures*

Mr. Blair: Only in estimates.

Commissioner Harlan: Then you think that within the past west the percentage has decreased from 80 per cent to 35 or 40 per cent.

Mr. Blair: Yes, sir; the past two years, on the whole. In commenced to decrease two years ago.

Mr. Marsilliot: Why was that?

Mr. Blair: Because of our connection with the Rock Island and our ability to handle products other than from the Crimenden Lamber Company.

Mr. Marsilliot: That increased your general traffic and made it a

real railroad proposition?

Mr. Blair: Yes, sir.

Examiner Burchmore: You say 45 per cent of the numare. What percentage of the revenue?

Mr. Blair: I cannot state that without getting figures for it. Examiner Burchmore Is it your impression that it is 45 per cent

or 90 per cent of the revenue?

Mr. Blair: Not that much; not 45 per cent,

Examiner Burchmore: How do you get at this 45 per cent; 283 do you include in that 45 per cent only the humber than is actually billed in the name of the Crittenden Lumber Company or do you include also lumber they may have sold to customers f. o. b. the mill?

Mr. Blair: All shipments of the Crittenden Lumber Company. Examiner Burchmore: Do you include lumber that is moving for

customers of the Crittenden Lumber Company, in the 45 per cent?

Mr. Blair: Yes, sir.

Examiner Burchmore: Do you include supplies for the commissary, if they have one?

Mr. Blair: Well, we have no commissary.

Examiner Burchmore: Have you filed statements of your tonnage and revenue for the past fiscal year in this case?

Mr. Blair: Yes, sir-well, I filed my yearly report.

Mr. Marsilliot: We understand the Commission requested us yesterday to furnish a statement for the past three years, and that will be promptly prepared and filed in this case.

Mr. Coleman: Could we look at that sheet for a minute, that

shows the free haul in Arkansas?

(Paper handed counsel.)

284 Examiner Burchmore: You stated that the Arkansas Commission permitted you to charge 150 per cent of the Arkansas rate.

Mr. Blair: Yes, sir.

Examiner Burchmore: In what shape do you get that authority?

Mr. Blair: From the Railroad Commission.

Examiner Burchmore: Is it a special order entered in your favor

Mr. Blair: No, I think it is general to short lines.

Examiner Burchmore: Can you refer us to that so we can see the order?

Mr. Blair: No, sir; I suppose you would have to get it from the Commission.

Commissioner Harlan: They give you a constructive mileage and 150 per cent?

Mr. Blair: They publish the mileage.

Mr. Marsilliot: The United States Circuit Court, I am informed, has published what they call the Court Tariff, and we will take pleasure in filing that.

Commissioner Harlan: You need not. The Commission has that,

and knows a good deal about it.

Mr. Coleman: You said you investigated last night this question of divisions, and desire to change your statement. What did

285 that investigation amount to?

Mr. Blair: Well, I made the statement yesterday, if I remember correctly, that there was practically a free haul on our line. That, of course, is not so; there is nothing hauled on our line for anybody for no charge; and in talking with our superintendent, who is here, he reminded me of the fact of that charge of \$10, which is accounted for in our local tariff.

Mr. Coleman: In other words, your arrangement amounts to the

charge of two locals, if your statement is correct, between your line and the Rock Island and the Iron Mountain?

Mr. Blair: Yes, sir.

Mr. Coleman: Why should you have a division sheet of two locals; what is the sense of that?

Mr. Blair: Well, with our arrangement with the Rock Island we

get no revenue whatever for our haul.

Mr. Coleman: This purports to be a division of the through rate. As you have stated it, the arrangement covering lumber is nothing but an addition of two local rates, \$10 to you and the rest to the Rock Island.

Mr. Blair: Yes, sir.

Mr. Coleman: Then why have a division sheet of two

286 locals, if you are correct?

Mr. Blair: I do not see any necessity for it, myself.

Mr. Coleman: Are you sure that your investigation was thorough in this matter?

Mr. Blair: No, it was not thorough as to looking up the papers,

because I had none with me.

Mr. Coleman: You are relying on what your superintendent told you?

Mr. Blair: Yes, sir.

Mr. Coleman: I note also, if your statement is also correct, that to some points you show a division to your road of two cents and two and one-half cents under the same heading, No. 7, on which you show a free haul to stations in Arkansas on lumber. That is also inconsistent with your statement, is it not?

Mr. Blair: Two cents and two and a half cents on what?

Mr. Coleman: On lumber in carloads, grouped under heading 7 at different destinations.

Mr. Blair: In Arkansas?

Mr. Coleman: No, you make an exception of Arkansas.

Mr. Blair: Yes.

Mr. Coleman: You haul that free?
Mr. Blair: According to that; yes, sir.
Mr. Coleman: Did you get this up?

Mr. Blair: No.

Mr. Coleman: Who did?

Mr. Blair: The Rock Island, I believe. Mr. Coleman: But you concurred in it?

Mr. Blair: Yes.

Mr. Marsilliot: Let me have that tariff for a minute.

Mr. Coleman: Just one question. Has there been any decrease in the business of the Crittenden Lumber Company in the last year or two?

Mr. Blair: No.

Mr. Coleman: None at all? Mr. Blair: Not to any extent.

Mr. Coleman: You are familiar with that, and have investigated that?

Mr. Blair: Yes, sir.

Mr. Coleman: That is all.

Mr. Marsilliot: Taking this division sheet which bears the number

Commissioner Harlan: I suggest that you have the witness here who made that tariff, and do not spend another minute with 288 this witness.

Mr. Marsilliot: He is not here.

Commissioner Harlan: Is anyone here who can explain it?

Mr. Marsilliot: No; but I want to show one thing which will clear up the whole business.

Commissioner Harlan: Very well; go ahead.

Mr. Marsilliot: On this division sheet I see it provides a basis for dividing freight rates between your road and the Rock Island, not only on Arkansas business, but on interstate business?

Mr. Blair: Yes.

Mr. Marsilliot: It provides for both things in the same sheet?

Mr. Blair: Yes.

Mr. Marsilliot: And it simply provides that on the Arkansas business destined to points beyond your line, you get no division.

Mr. Blair: From the Rock Island; ves. sir.

Mr. Marsilliot: And you have got to take care of yourself?

Mr. Blair: Yes.

Mr. Marsilliot: And you did do it?

Mr. Blair: Yes, sir. Mr. Marsilliot: That is all there is to it. That is all. 289

(Witness excused.)

Mr. Marsilliot: The next witness I intended to call was Mr. Walcott, the treasurer of this road, and I was going to ask him one question, and that is on the existence of the milling in transit business. He would testify that it never existed on this road.

Commissioner Harlan: Now, your view is sufficiently in the This witness has said he has never availed himself of that privilege, but it was put in by the Rock Island. The record is as

complete as it can be.

Mr. Marsilliot: To save time, I will say that I have two witnesses here who will say they applied for that milling in transit privilege on our road, and were refused; two outside manufacturing concerns. I take it you do not care to hear from them?

Commissioner Harlan: Where are those witnesses?

Mr. Marsilliot: They are here in the room. Commissioner Harlan: Let them stand up.

(Two gentlemen arose.)

Commissioner Harlan: What is your name?

Mr. Machen: Machen.

290 Commissioner Harlan: What is your business? Manufacturer of wooden products. Mr. Machen:

Commissioner Harlan: Where?

Mr. Machen: Earl, Arkansas, two miles south of Earl.

Commissioner Harlan: On what railroad?

Mr. Machen: Crittenden Railroad.

Commissioner Harlan: Where is your market?

Mr. Machen: In Poplar Bluff, Missouri, principally.

Commissioner Harlan: What do you know about this milling in transit rate?

Mr. Machen: I know I have applied for it.

Commissioner Harlan: When?

Mr Machen: A year ago.

Commissioner Harlan: Did you know it was published? Mr. Machen: No, sir; I did not know anything about it.

Commissioner Harlan: Why did you apply for it, if you did not

know it was published?

Mr. Machen: Why did I? Commissioner Harlan: Yes.

Mr. Machen: Because I asked for it, and thought perhaps I could get it.

Commissioner Harlan: Well, you don't expect to get what

291 is not published, do you?

Mr. Machen: Well, I am not familiar with railroad busi-

ness.

Commissioner Harlan: I recommend you to find out, if you are trying to get the benefit of rates and privileges which are not published. That is all you know about it; you were refused the privilege, were you?

Mr. Machen: Yes.

Commissioner Harlan: I think that is all on that question.

Mr. Marsilliot: Do you know whether that ever has existed on that road or not?

Mr. Machen: Not to my knowledge, it has not.

Commissioner Harlan: Do you mean you wanted it for a special

shipment, or did you want the road to publish it?

Mr. Machen: Our rough product originated on the Crittenden Railroad, and was milled on the Crittenden Railroad, and reshipped on the Crittenden Railroad, and I understood——

Commissioner Harlan: I put my question again. Did you want it on a particular shipment, or did you want the Crittenden Railroad

to establish that privilege?

Mr. Machen: I wanted them to establish it.

Mr. Marsilliot: You did not know whether it was published or not?

292 Mr. Machen: No.

Mr. Coleman: At that time they actually had published a milling in transit arrangement, had they not—

Commissioner Harlan: When did you make this request?

Mr. Machen: I believe a year ago, to the best of my memory.

Mr. Coleman: At that time the milling in transit privilege was published?

Mr. Machen: I do not know.

Mr. Coleman: Well, is it not so? Mr. Marsilliot: I think that is so; yes.

Mr. Coleman: In other words, the Crittenden Railroad refused to

you, a private shipper on the road, a privilege which they published in their tariff?

Mr. Machen: I do not know whether they published it or not. Mr. Cowan: From whom did you get your raw material?

Mr. Machen: From whom?

Mr. Cowan: Yes.

Mr. Machen: From different parties.

Mr. Cowan: Did you get it from the Crittenden Lumber Company?

Mr. Machen: I have bought some from the Crittenden Lumber Company.

293 Mr. Cowan: Well, were you doing it at that time? Mr. Machen: Well, I was getting some stuff.

Mr. Cowan: Was it not on that product you asked this milling in transit privilege?

Mr. Machen: No, sir; not on that alone.

Mr. Cowan: Well, you were getting raw material from different people. Did you designate that it was desired upon raw material coming from the Crittenden Lumber Company or from some other source?

Mr. Machen: From all sources.

Mr. Marsilliot: The other witness is Mr. Whitman.

C. T. WHITMAN was called as a witness, and having been duly sworn, testified as follows:

Commissioner Harlan: Where is your place of business?

Mr. Whitman: Earl, Arkansas.

Commissioner Harlan: What is your business?

Mr. Whitman: Cooperage and lumber.

Commissioner Harlan: Where do you get your raw materials?

Mr. Whitman: I get it, part of it, off the Crittenden Railroad.

294 Commissioner Harlan: What proportion of it?

Mr. Whitman: Seventy-five per cent of it, for the last year.

Commissioner Harlan: Mr. Machen, what proportion of your raw
material have you got from the Crittenden Lumber Company last
year?

Mr. Machen: Fifty per cent.

Commissioner Harlan: Is that from the lumber company or from off the Crittenden Railroad?

Mr. Machen: Shipped on the Crittenden Railroad, bought from

different parties.

Commissioner Harlan: What do you know about this milling in transit privilege, Mr. Whitman?

Mr. Whitman: Not anything.

Commissioner Harlan: You did not know about it?

Mr. Whitman: No, never asked for it.

Commissioner Harlan: Never asked for it?

Mr. Whitman: No. All I asked for was a rate.

Mr. Marsilliot: Did it ever exist on that road?

Mr. Whitman: Not to my knowledge.

Mr. Marsilliot: How much freight have you shipped on that road?

Mr. Whitman: Something like 3,000 cars.

Mr. Marsilliot: Did you ever hear of anybody getting it 295 on that road?

Mr. Whitman: No.

Mr. Marsilliot: I want to introduce Mr. Holly.

H. C. Holly was called as a witness, and having been duly sworn, testified as follows:

Direct examination:

Mr. Marsilliot: How long have you been connected with the Crittenden Road?

Mr. Holly: Since 1901.

Mr. Marsilliot: What is your business in connection with it?

Mr. Holly: Superintendent.

Mr. Marsilliot: I want to ask you, in the management of that road, whether or not there is any difference made in the service rendered to one person, firm or corporation on the road from that rendered to another?

Mr. Holly: Well, there has been, in a way. Mr. Marsilliot: Well, describe how it has been.

Mr. Holly: Well, for instance, we have showed our patrons along the road in preference to the Crittenden Lumber Company.

Mr. Marsilliot: To what extent has that been done?

296 Mr. Holly: Well, for instance, when at times there was a shortage of cars and our patrons had shipments to make, we have given the privilege of cars to them instead of to the Crittenden Lumber Company.

Mr. Marsilliot: Why was that done?

Mr. Holly: That was to work up the traffic.

Mr. Marsilliot: What is the general characteristic of the construction of the roadbed and bridges of that road? You are superin-

tendent of it.

Mr. Holly: Well, the roadbed from Earl to Heth is the bottom ballast, we have no gravel ballast; it is all made of the bottom land; and the bridges are all substantial, capable of carrying anything that we choose to carry.

Mr. Marsilliot: What is the biggest load you carry over that

road in a car?

Mr. Holly: 100,000 pounds capacity.

Mr. Marsilliot: Have any trouble doing that?

Mr. Holly: Well, we never have had. Mr. Marsilliot: I believe that is about all.

Mr. Coleman: You say in times of shortage of cars you would prefer the private shippers to the Crittenden Lumber com-297 pany?

Mr. Holly: We have: yes, sir.

Mr. Coleman: You say you do that to work up traffic?

Mr. Holly: Yes, sir.

Mr. Coleman: It is customary to work up traffic when your cars are short?

Mr. Holly: Well, it is customary for us to take care of our people to the very best of our ability.

Mr. Coleman: It is only when you have shortage of cars that you work up this traffic?

Mr. Holly: Well, when we have plenty of cars everybody has

Commissioner Harlan: What is your understanding of the proportion of your general tonnage that belongs to the Crittenden Lumber Company?

Mr. Holly: Well, that is a part of the business that I do not keep

up with, but-

Commissioner Harlan: Well, what is your best judgment?

Mr. Holly: But I should say from 35 to 40 per cent.

Commissioner Harlan: At this time? It has been more in the

Mr. Holly: At this time; yes, sir, for the past year,

298 (Witness excused.)

Mr. Marsilliot: I want to call Mr. Barton, very briefly.

C. G. Barton was called as a witness, and having been duly sworn, testified as follows:

Direct examination:

Mr. Marsilliot: What is your name?

Mr. Barton: C. G. Barton. Mr. Marsilliot: You live at Earl?

Mr. Barton: Yes, sir.

Mr. Marsilliot: What is your business. Mr. Barton: Mercantile business.

Mr. Marsilliot: What is the nature of your business, what is the extent; just in a general way.

Mr. Barton: Do you mean the amount of business?

Mr. Marsilliot: Yes; and what kind of mercantile business?

Mr. Barton: General furnishing business, and I also run a gin. Mr. Marsilliot: What is the volume of your business which you do at Earl?

Mr. Barton: Well, this year we ought to do \$150,000. We probably will gin 2,700 bales of cotton.

Mr. Marsilliot: Tell as concisely as you can to the Commission what sort of service the Crittenden Railroad Company

gives you. Mr. Barton: I think the service is so good that about 75 per cent of my incoming freight is shipped over the Crittenden Railroad, and I haul my cotton, which cost me ten cents a bale drayage to the Crittenden Railroad, while I could load it from the gin right to the Iron Mountain.

Mr. Marsilliot: That you pay to the drayage man for hauling?

Mr. Barton: Yes.

Mr. Marsilliot: You pay ten cents more to get it on the Crittenden Railroad, because they give you more prompt service?

Mr. Barton: Yes.

Mr. Marsilliot: What do you think would be the effect of the cancellation of these through routes and joint rates on the town of

Mr. Barton: I don't know hardly-I think it would be bad, I cannot say just what the damage would be.

Mr. Marsilliot: You have not studied the situation carefully?

Mr. Barton: No.

Mr. Marsilliot: That is all. 300

Mr. Barton: We would not get as good service.

Mr. Jeffery: Are you a stockholder in the Crittenden Lumber Company?

Mr. Barton: No.

Mr. Jeffery: Are you a stockholder in the railroad company?

Mr. Barton: No.

Mr. Marsilliot: Interested in the Crittenden Lumber Company-

Commissioner Harlan: No: he said he was not.

Mr. Cowan: What is the matter with the Iron Mountain hauling that cotton? I suppose you send it to Memphis largely.

Mr. Barton: Yes, sir. Mr. Cowan: What is the difficulty about the hauling of cotton

from your platform over to Memphis, 25 miles?

Mr. Barton: I do not know as there is any great difference in the time of delivery from Earl to Memphis, but there is a difference in the way stuff is handled by the agents there. They handle it quicker and get prompter service.

Mr. Cowan: By hauling it over to the other fellow?

Mr. Barton: Yes, sir.

Commissioner Harlan: The agents where?

Mr. Barton: At Earl.

Examiner Burchmore: Are the rates the same by both 301 routes?

Mr. Barton: Yes, sir.

Examiner Burchmore: And the same delivery in Memphis?

Mr. Barton: Yes, sir.

Commissioner Harlan: Do you move 2,700 bales?

Mr. Barton: I have not to date: I have moved about 2,400, and I expect to get-

Commissioner Harlan: And you pay ten cents a bale more to

avoid the Iron Mountain?

Mr. Barton: Well, there is about 250 bales of that that I shipped

on the Iron Mountain, at the first of the season.

Mr. Cowan: What is the real reason of that? There must be some reason for it that we have not heard.

Mr. Barton: I have stated the reason.
Mr. Cowan: That is the only reason?

Mr. Barton: That is the only reason; yes, sir,

Mr. Cowan: Have you not any business relation with the Crittenden Lumber Company or business in connection with their store which makes you have this feeling in your breast for the Crittenden Railroad?

Mr. Barton: No, sir; I have not. I do not think the Crit-309 tenden people do very much business with me in their store. Mr. Cowan: You just simply do not like the Iron Mountain, the way it does business?

Mr. Barton: Well, I don't particularly like their service there. Mr. Cowan: It is up to Mr. Jeffery.

Mr. Coleman: Just what does the agent at Earl do that you do not like?

Mr. Barton: The shipments are not as good.

Mr. Coleman: Tell us what he does. You take the shipment down, and what does the agent do, issue the bill of lading?

Mr. Barton: Not promptly, no.

Mr. Coleman: How long would it take?

Mr. Barton: Sometimes you get a bill there is the morning and get it back the next day. He has the negro porter go out and check the cotton up.

Mr. Coleman: You could not get it any quicker? Mr. Barton: In some cases I suppose you could.

Mr. Coleman: What is the best you ever did? Did you ever make any kick about it?

Mr. Barton: No.

Commissioner Harlan: I think we have gone as far as we should go on that,

303 Mr. Coleman: Do you cash some of the pay checks of the Crittenden people?

Mr. Barton: Very few indeed.

Mr. Marsilliot: I want to ask Mr. Morrison a few questions. Commissioner Harlan: What do you want to bring out?

Mr. Marsilliot: He is a banker, and I wanted him to tell the situation and what the road had done to the town.

Commissioner Harlan: That is sufficiently in the record for the purposes of the Commission.

Mr. M. williot: All right; we are done.

Butler County Railroad Company. 304

Commissioner Harlan: The Butler County Railroad Company is the next company. Mr. Glasgow, are you ready?

Mr. Glasgow: Yes, sir.

Commissioner Harlan: How many witnesses have you?

Mr. Glasgow: One.

WILLIAM N. BARRON was called as a witness and having been duly sworn, testified as follows:

Mr. Glasgow: I want to make a brief statement of our case. In this case there are three petitions filed by the Butler County Railroad Company. They were originally petitions filed, and then by permission of the Commission, they were filed in this cause as

petitions to be considered under the Star Grain case. One is the Butler County Railroad Company against the Missouri Pacific Railway Company and the Iron Mountain; the second is the Butler County Railroad Company against the St. Louis & San Francisco Railroad Company and others; and the third is the Butler County Railroad Company against F. A. Leland, agent, and the Alabama & Vicksburg Railway Company.

The petition sets forth the tariffs which were in effect at this time on the several routes set up in the petition by the several defendants, and their connections, and that tariffs had been filed by each of the defendants with the concurrences, cancelling those rates and putting in effect other rates from the junc-

tion point with the Butler County Railroad at Poplar Bluff,

The petition has two charges, first, that the rates established under the cancelling tariffs, or proposed to be established under those cancelling tariffs, which are increases over and above the rates now in effect, are unjust and unreasonable. Second, that the Butler County Railroad Company is a common carrier and entitled to joint rates and through routes with the long line carriers, and that the joint rates and through routes in effect before the cancellation notices were just and reasonable, and asking the Commission to re-establish them, or require that those rates be re-established or continued with divisions to the several roads parties thereto.

Direct examination:

Mr. Glasgow: Where do you live, Mr. Barron?

Mr. Barron: Poplar Bluff, Missouri.

Mr. Glasgow: What is your relation to the Butler County

306 Railroad Company?

Mr. Barron: I am the vice-president, treasurer and general manager of the Butler County Railroad Company.

Mr. Glasgow: You have charge of its operation?

Mr. Barron: Yes, sir.

Mr. Glasgow: When was the Butler County Railroad Company organized?

Mr, Barron: It was organized under the railroad statute of Mis-

souri in September, 1905.

Mr. Glasgow: Prior to that time what company or person owned the railroad which the Butler County Railroad Company now owns? Mr. Barron: That which was in existence at that time was owned

by the Brooklyn Cooperage Company.

Mr. Glasgow: The Brooklyn Cooperage Company is a lumber

company?

Mr. Barron: It is a cooperage company,

Mr. Glasgow: Engaged in making cooperage stock?

Mr. Barron: Yes, sir.

Mr. Glasgow And it has a mill on the line of the Butler County Railroad?

Mr. Barron: Yes, sir.

307 Mr. Glasgow: At what point?

Mr. Barron: At a point in the neighborhood of Poplar Bluff called Linstead.

Mr. Glasgow: At the time that the Butler County Railroad Company was incorporated, were there any allowances made by the carriers with which it connected physically to the Brooklyn Cooperage Company on cooperage stock or lumber or anything else?

Mr. Barron: No, sir.
Mr. Glasgow: What roads does the Butler County Railroad Com-

pany connect with?

Mr. Barron: It connects with the St. Louis, Iron Mountain & Southern Railroad, and also with the St. Louis and San Francisco

Mr. Glasgow: At what point?

Mr. Barron: Well, it is variously known as Linstead and Poplar Bluff; it is in the neighborhood of Poplar Bluff,

Mr. Glasgow: You have a map here of the Butler County Rail-

road?

Mr. Barron: Yes. sir.

(Paper Produced.)

Mr. Glasgow: Beginning at Poplar Bluff, at the connec-308 tion between the Butler County Railroad and the St. Louis & San Francisco Railroad, there are tracks, a red dotted line. To whom do those tracks belong?

Mr. Barron: The red line indicates tracks which the Bu

County Railroad Company owns.

Mr. Glasgow: And the black line with white in between?

Mr. Barron: Indicates tracks owned by other concerns, over which the Butler County Railroad Company operates its trains.

Mr. Glasgow: And the yellow? Mr. Barron: Indicates tracks which are owned by the Brooklyn

Cooperage Company.

Mr. Glasgow: Now, beginning at Poplar Bluff, to what point does the Butler County Railroad Company operate its trains over its own tracks and tracks over which it has the running right?

Mr. Barron: From Poplar Bluff it operates its trains over its own tracks to the junction with the St. Louis, Iron Mountain and South ern at Linstead; then over the track of the St. Louis, Iron Mountain and Southern Railway Company, Cairo Branch, to Lowell Junction.

Mr. Glasgow: What distance?

Mr. Barron: About seven and a half miles. 309

Mr. Glasgow: That is by arrangement or agreement for trackage payments by the Butler County Railroad?

Mr. Barron: Yes, sir.

Mr. Glasgow: And thence to where? Mr. Barron: It operates over its own track; that is, over the Butler County Railroad Company's own track south, a distance of seven miles.

Mr. Glasgow: To what point?

Mr. Barron: To a point called Bailey's; thence over the track that is owned by the Brooklyn Cooperage Company to a point called Melville.

Mr. Glasgow: Is that under an agreement or lease?

Mr. Barron: That is under an agreement by which the Butler County Railroad Company operates and has trackage rights on that track. Thence it operates northwardly to a point called Menorkenut on a track also owned by the Brooklyn Cooperage Company, over which it has trackage rights.

Mr. Glasgow: At that point is where the tracks of the Brooklyn Cooperage Company operated by it connect with the Butler County

Railroad Company?

Mr. Barron: That is one of the points where it connects 310 with the Brooklyn Cooperage Company logging tracks.

Mr. Glasgow: Beginning at Linstead and going over the

St. Louis & San Francisco tracks to Lowell Junction-

Mr. Barron: That is the Iron Mountain track.

Mr. Glasgow: I should say the Iron Mountain track to Lowell Junction, what is the arrangement under which you operate trains

over that track?

Mr. Barron: The arrangement is that the Butler County Railroad Company operates its trains subject to the orders of the train despatcher of the Iron Mountain Railroad, and for the service and the use of the track it pays the Iron Mountain Railroad Company a certain sum per train mile, depending upon the size of the train.

Mr. Glasgow: Well, now, a train of 25 cars? Mr. Barron: It pays 65 cents per train mile.

Mr. Glasgow: And 35 cars?

Mr. Barron: 75 cents.

Mr. Glasgow: And 45 cars or more?

Mr. Barron: 85 cents.

Mr. Glasgow: Can you tell us about what per annum that rental amounts to which is paid to the Iron Mountain Road?

Mr. Barron: That amounts to about \$3,600 per annum. Mr. Glasgow: Beginning at Poplar Bluff, have you got a 311 station there?

Mr. Barron: We have a station in the neighborhood of Poplar Bluff: it is about a mile distant from the center of the town; it may be said to be in Poplar Bluff.

Mr. Glasgow: Do you have an agent?

Mr. Barron: Yes, sir.

Mr. Glasgow: Have you an agent at Lowell Junction?

Mr. Barron: We have a joint agent with the Iron Mountain Railroad there, and we pay the entire compensation of that agent.

Mr. Glasgow: You pay it? Mr. Barron: Yes, sir.

Mr. Glasgow: Have you a station or agent at Bailey's?

Mr. Barron: No.

Mr. Glasgow: Have you at Melville?

Mr. Barron: Yes, sir.

Mr. Glasgow: An agent and station man?

Mr. Barron: Yes, sir.

Mr. Glasgow: For the delivery of freight or travel which may pass along?

Mr. Barron: Both.

319 Mr. Glasgow: Do you run regular trains over the Butler County Railroad, on schedule?

Mr. Barron: Yes, sir,

Mr. Glasgow: Have you got a copy of the schedule of your company there?

Mr. Barron: Yes, sir.

Mr. Glasgow: The time table No. 4?

Mr. Barron: Yes. sir.

Mr. Glasgow: I want to file this as an exhibit.

(The paper so offered and identified was received in evidence and thereupon marked Butler County Railroad Exhibit No. 1. witness Barron, received in evidence December 9, 1910, and is attached hereto.)

Mr. Glasgow: Those trains shown on that schedule, are operated upon regular time tables for the carriage of passengers and freight?

Mr. Barron: Yes, sir; every day except Sunday.

Mr. Glasgow: Do you sell passenger tickets on that road?

Mr. Barron: Yes, sir.

Mr. Glasgow: At what points?

Mr. Barron: At Poplar Bluff. Lowell Junction, Melville and wherever there is an agent. The remainder of the business is done on a cash fare basis by the men in charge of the 313

Commissioner Harlan: What is the total mileage operated by your road?

Mr. Barron: About 35 miles, 34.

Mr. Glasgow: What is the part of that of which the Butler County Railroad now owns the track?

Mr. Barron: Twelve miles.

Mr. Glasgow: And have you any track arrangement looking to

the immediate acquisition of additional tracks?

Mr. Barron: Yes, sir: just as soon as the deed can be drawn, the Butler County Railroad will acquire by purchase from the Brooklyn Cooperage Company, the present owner, that piece of track lying between Bailey's and the southern terminus of the road, including three miles that is now under construction down there, to the south line of section 13.

Mr. Glasgow: And has the price been agreed upon? Mr. Barron: Yes, sir.

Mr. Glasgow: When the Butler County Railroad was organized I suppose, following the usual way, the cooperage company sold to that company the tracks which it then had, and-

Mr. Barron: Part of them.

Mr. Glasgow: Part of them, and issued stock in considera-314 tion thereof?

Mr. Barron: Yes, sir.

Mr. Glasgow: And that stock is held by the Brooklyn Cooperage Company?

Mr. Barron: It is held, Mr. Glasgow, by certain individuals in trust for the Brooklyn Cooperage Company.

'Commissioner Harlan: What is the amount of the capital stock issued?

Mr. Barron: \$163,500.

Commissioner Harlan: And authorized?

Mr. Barron: \$200,000.

Commissioner Harlan: All of it is held in trust for the Brooklyn Cooperage Company?

Mr. Barron: I believe so; ves, sir,

Mr. Glasgow: Has it any bonded indebtedness?

Mr. Barron: It has a bonded indebtedness of \$50,000.

Mr. Glasgow: Those bonds are probably held in the same way?

Mr. Barron: I believe they are: ves, sir. Commissioner Harlan: Held by whom?

Mr. Barron: I believe they are held—the paper is made 315 payable to the Brooklyn Cooperage Company.

Mr. Glasgow: The bonds you mean, or the note? Mr. Barron: The note, and the mortgage securing the note.

Mr. Glasgow: Will you tell us when the operations were commenced, and these roads were being built, were there any towns or villages or farms along the route this road now goes?

Mr. Barron: There were no towns or villages: there were a very few farms, but none in comparison with what exist there now,

Mr. Glasgow: The Great Western Land Company is a company owning large tracts of lumber and timber lands!

Mr. Barron: Yes, sir. I have a map here which shows the situation about that. (Producing map.)

Mr. Glasgow: The yellow on this map shows the land of the Great Western Land Company, does it?

Mr. Barron: Yes, sir.

Mr Glasgow: Now, as the progress of cutting timber on the lands of this company proceeded, the white indicates the lands from which it has been cut off, does it?

Mr. Barron: No. sir; not altogether; that is hardly cor-

316 rect.

Mr. Glasgow: Well-

Mr. Barron: The white indicates land that the Great Western Land Company does not own; and you will notice that there is a great deal more white on the map where the railroad has been in operation for some years than there is farther down; it never was an absolutely solid body, but it was about alike; but up on the northern portion, where the railroad has existed from 11 to 12 years, a great deal of the land has been sold. Whenever it is sold. it is sold to a settler who puts it, or part of it, immediately into cultivation.

Mr. Glasgow: That white along there, does that indicate the

land that is under cultivation or-

Mr. Barron: It indicates the land that has been sold and what few farms there were in that neighborhood prior to that time, and that section of the country is very largely in cultivation.

Mr. Glasgow: Are there farms all along the line of the road from

Lowell Junction down to Melville, of course with intervening spaces vet to be settled?

Mr. Barron: Yes, sir. The Great Western Land Company in that neighborhood has sold three or four hundred separate tracts of

land that are now in cultivation, to farmers.

317 Commissioner Harlan: What is the relation between the Brooklyn Cooperage Company and the Great Western Land

Company?

Mr. Glasgow: I was coming right to that at this moment, if your Honor will permit me. As I understand, the stock of the Brooklyn Cooperage Company is owned by the American Sugar Refining Company?

Mr. Barron: Yes, sir.

Mr. Glasgow: The Great Western Land Company's stock is held by whom?

Mr. Barron: By the American Sugar Refining Company.

Mr. Glasgow: And that is the only relation which exists between the Great Western Land Company and the Brooklyn Cooperage Company?

Mr. Barron: Yes, sir.

Mr. Glasgow: What is the Brooklyn Cooperage Company engaged

in doing; what is its principal business?

Mr. Barron: Its principal business is the manufacturing of sugar barrels with which to ship the sugar refined by the American Sugar Refining Company.

Mr. Glasgow: What is the character of the timber in that section

of country that the Great Western Land Company owns?

Mr. Barron: It is the same as all of that eastern Texas 318 and eastern Arkansas and southeast Missouri bottom; it is hardwood timber; it consists principally of gum; next in volume will be oak, and after that, hickory, ash, elm, and other timbers of that forest in smaller proportions.

Mr. Glasgow: Any pine?

Mr. Barron: Not a pine tree on the outfit.

Mr. Glasgow: Now, beginning at Lowell Junction and coming along, I understand you to say down towards Melville there are farms along the line of the road.

Mr. Barron: Yes.

Mr. Glasgow: Have any villages sprung up since the road was started?

Mr. Barron: Yes, sir; three. Mr. Glasgow: What are they?

Mr. Barron: Batesville, Bailey's and Melville.

Mr. Glasgow: What is the population, should you say, of Melville?

Mr. Barron: Well, Melville will approximate a thousand people. Mr. Glasgow: And the others are villages which have grown up? Mr. Barron: And the others are smaller.

319 Mr. Glasgow: What character of freight is transported by the Butler County Railroad?

Mr. Barron: You might say pretty much everything that is used by a community.

Mr. Glasgow: Well, name the principal articles.
Mr. Barron: Well, the principal is—transported by the Butler County Railroad?

Mr. Glasgow: Yes, sir.

Mr. Barron: Do you mean the less than carload, or the general proposition?

Mr. Glasgow: Well, it is engaged in carload and less than carload

transportation?

Mr. Barron: Yes.

Mr. Glasgow: Does it carry the class freights?

Mr. Barron: Yes, sir.

Mr. Glasgow: And has tariffs in effect covering class freights? Mr. Barron: Yes, sir, and filed with the Federal Commission. Mr. Glasgow: With the Interstate Commerce Commission?

Mr. Barron: Yes, sir.

Mr. Glasgow: And joint traiffs covering the class freight 320 with what roads?

Mr. Barron: With the St. Louis, Iron Mountain and

Southern.

Mr. Glasgow: When the tariffs were filed cancelling the rates on lumber and lumber products by the Iron Mountain Road were the class freights cancelled out also?

Mr. Barron: No.

Mr. Glasgow: And now today the through routes and joint rates are in effect with the Iron Mountain for class freight on your road?

Mr. Barron: Yes, sir.

Mr. Glasgow: Does any freight move under those tariffs?

Mr. Barron: A great deal.

Mr. Glasgow: Have you any arrangement for carrying the mails on this road?

Mr. Barron: Yes, sir, we are under contract with the Post Office

Department to carry the mail.

Mr. Glasgow: From what point?

Mr. Barron: From Lowell Junction to Melville. The name of Melville post office is Quelin. The place has two names: the post office is the name of Quelin and the railroad name of Melville

Mr. Glasgow: Have you filed joint tariffs with other roads, the Iron Mountain and the Frisco roads; with the Interstate 321 Commerce Commission, or concurrences in their through tariffs?

Mr. Barron: We have filed concurrences with the Interstate Commerce Commission concurring in tariffs issued by the Missouri Pacific and by the Frisco Railroad.

Commissioner Harlan: Where are your lumbering operations go-

ing on now?

Mr. Barron: They are going on on that land of the Great Western Land Company. . Commissioner Harlan I assume so, but what part of this land? Take, for instance, the region south of Melville; what are you doing down there?

Mr. Barron: They are lumbering down there.

Commissioner Harlan: In what section?

Mr. Barron: Well, where that yellow line is, you will see on the other map, Judge—

Commissioner Harlan: Melville, apparently, seems to be in sec-

tion 31.

Mr. Barron: 31 and 36, and the lumbering operations are being carried on in the vicinity of these yellow lines here and here and down there (indicating.)

Commissioner Harlan: If you will just answer the ques-

322 tion; Melville, you say, is in 31 and 36?

Mr. Barron: Melville is situated in section 31, township 23, north range, 7 east and——

Commissioner Harlan: We will just leave out the township and range, and shorten it up.

Mr. Barron: Well, in sections 31 and 36.

Commissioner Harlan: Is it towards the north of 31 or the south of 31?

Mr. Barron: It is in the south half of 31 and 36.

Commissioner Harlan: Well, south of Melville, then, according to this map, the road is owned by the Brooklyn Cooperage Company?

Mr. Barron: Yes, sir.

Commissioner Harlan: And it is around that road that you are now doing lumbering south of Melville?

Mr. Barron: Yes, sir.

Commissioner Harlan: That is, the Brooklyn Cooperage Company is doing the lumbering?

Mr. Barron: Yes, sir.

Commissioner Harlan: And the Butler County Railroad is doing the hauling?

Mr. Barron: No. sir.

323 Mr. Glasgow: I am coming to it-

Commissioner Harlan: Well, we have come to it now, and I want to know now. Who does the hauling from the forest to Melville?

Mr. Barron: From that forest, the Brooklyn Cooperage Company.

Commissioner Harlan: With what equipment?

Mr. Barron: Its own.

Commissioner Harlan: How many logging cars has it?

Mr. Barron: Now, I beg pardon—I said its own equipment—I had the locomotives in my mind.

Commissioner Harlan: Very well.

Mr. Barron: The cars belong to the Butler County Railroad. Commissioner Harlan: But the locomotives belong to the Cooperage Company?

Mr. Barron: Yes, sir.

Commissioner Harlan: What is the mileage of the constructed track south of Melville?

Mr. Barron: It is about two and one-half miles.

Commissioner Harlan: Does it run right into the forest belonging to the Great Western Land Association?

Mr. Barron: Yes, sir.

324 Commissioner Harlan: Is there any other ownership there?

Mr. Barron: Yes, there is-

Commissioner Harlan: According to this yellow map, the owner-ship is very insubstantial, as indicated by the white part of the map.

Mr. Barron: Well, it is small, compared with the amount of land owned by the Great Western Land Company, but there is a good deal of territory shown on that map, and a good deal of land and timber is owned by other parties.

Mr. Glasgow: Each of those blocks represents a square mile.

does it?

Mr. Barron: Yes, sir.

Commissioner Harlan: Well, this map with the yellow color on it, indicates substantially the ownership as it exists today?

Mr. Barron: Yes sir.

Commissioner Harlan: The yellow showing the Great Western Company's ownership, and the white the outside ownership?

Mr. Barron: Yes, sir.

Commissioner Harlan: Now, I observe that south of a station called Hicoria there is a logging road running due east?

325 Mr. Barron: Yes.

Commissioner Harlan: Are you doing any lumbering

there?

326

Mr. Barron: Yes, sir.

Commissioner Harlan: And that forest also belongs to the Great Western Land Association?

Mr. Barron: And others.

Commissioner Harlan: It is indicated on this colored map?

Mr. Barron: Yes, sir.

Commissioner Harlan: And the logging road belongs to the Cooperage Company?

Mr. Barron: Yes, sir.

Commissioner Harlan: Does it use any locomotives that it owns?

Mr. Barron: Yes, sir.

Commissioner Harlan: The locomotives it owns there are confined to the logging road?

Mr. Barron: Yes, sir.

Commissioner Harlan: And is that true of the locomotives used south of Melville?

Mr. Barron: Yes, sir.

Commissioner Harlan: They do not go onto the tracks of the Butler County Railroad?

Mr. Barron: Yes, sir; they do.

Commissioner Harlan: What do they do on those tracks? Mr. Barron: They will run over them.

Commissioner Harlan: To what point-do you mean regularly? Mr. Barron: No-they will run over them and get some timber and deposit it at some switch where the Butler County Railroad will handle it.

Commissioner Harlan: Just at an interchange point?

Mr. Barron: Yes, sir:

Commissioner Harlan: And not beyond that?

Mr. Barron: No.

Commissioner Harlan: Now, north of Menorkenut and also to the east, there is some of this track belonging to the Cooperage Company?

Mr. Barron: Yes, sir.

Commissioner Harlan: And you are doing lumbering in there? Mr. Barron: The Brooklyn Cooperage Company and others are doing lumbering in there.

Commissioner Harlan: Well, the Brooklyn Cooperage Company

is lumbering the Great Western Land Company's lands?

Mr. Barron: It and others.

327 Commissioner Harlan: What other land-

Mr. Barron: No—it and other parties are lumbering the Great Western Company's land.

Commissioner Harlan: But the Brooklyn Cooperage Company is lumbering no lands except those belonging to the Association?

Mr. Barron: Yes, sir, it is.

Commissioner Harlan: Just tell us about that.

Mr. Barron: If it buys a tract of timber on another man's land, it lumbers that, and the Great Western Land Company is doing business with other parties who lumber on the Great Western Land Company's land as well as the Brooklyn Cooperage Company. Brooklyn Cooperage Company take off only one class of timber and other parties remove the remainder and ship it out over that road.

Commissioner Harlan: At what other part of the Great Western Land Company's holding is the Cooperage Company lumbering at

this time?

Mr. Barron: I beg pardou?

Commissioner Harlan: Well, I see that the Land Association owns some lands up along the Iron Mountain right of way.

Mr. Barron: Yes, sir.

Commissioner Harlan: Is the Brooklyn Cooperage Company doing any lumbering there? Mr. Barron: Yes, sir.

Commissioner Harlan: How extensive is the lumbering at that point:

Mr. Barron: Not very extensive, because that section is pretty well cut over, and very little left.

Commissioner Harlan: You may proceed.

Mr. Glasgow: I was asking you a moment ago whether the Butler County Railroad Company filed concurrences in the joint tariffs published by the Frisco and the Iron Mountain roads, with the Interstate Commerce Commission?

Mr. Barron: Yes, sir, it did.

Mr. Glasgow: Will you give us, if you have there, a reference to the index filed with the Interstate Commerce Commission of those tariffs?

Mr. Barron: Well, Mr. Glasgow-

Commissioner Harlan: You can file that later. Mr. Barron: Mr. Glasgow has it, I believe.

Mr. Glasgow: I do not believe so.

Commissioner Harlan: Well, it is filed in our Bureau of Tariffs?

Mr. Barron: Yes, sir.

329 Mr. Glasgow: The last that is filed is I. C. C. No. 5, Butler County Railroad Company, indexes to tariff No. 5?

Mr. Barron: Yes, sir.

Mr. Glasgow: And that shows the list of tariffs which your company has concurred in, and the company filing the tariff with the Interstate Commerce Commission?

Mr. Barron: Yes, sir.

Mr. Glasgow: Have you also filed with the Interstate Commerce Commission the tariff of the Butler County Railroad?

Mr. Barron: Yes, sir.

Mr. Glasgow: And that is filed as I. C. C. No. 1, Butler County Railroad freight tariff of local rates No. 3?

Mr. Barron: Yes, sir.

Mr. Glasgow: On classes and commodities?

Mr. Barron: Yes, sir.

Mr. Glasgow: Has your company complied with the Federal statute as to safety appliances?

Mr. Barron: Yes, sir; clear down to the ash pan law. Mr. Glasgow: The Butler County Railroad has?

Mr. Barron: Yes, sir.

Mr. Glasgow: Can you give us approximately what was the cost to your company to comply with that statute of Congress?

330 Mr. Barron: Well, I should say about \$6,500.

Mr. Glasgow: Has your company made the reports to the Interstate Commerce Commission monthly and yearly required by the Act to regulate Commerce?

· Mr. Barron: Yes, sir; also required by the orders of the Commis-

sion.

Mr. Glasgow: Does your company keep its books in accordance with the regulations and orders of the Interstate Commerce Commission.

Mr. Barron: It does.

Mr. Glasgow: Will you tell us how many locomotives the Butler County Railroad has?

Mr. Barron: It has two.

Mr. Glasgow: How many cars?

Mr. Barron: Well, it has 110 or 112 or 113, I forget which. Not less than 110, however.

Mr. Glasgow: It has a passenger coach?

Mr. Barron: Yes, sir, and we just bought another one, making two.

Mr. Glasgow: Cabooses?

Mr. Barron: About three.

Mr. Glasgow: Has it any box cars?

331 Mr. Barron: Yes, sir. Mr. Glasgow: Coal cars? Mr. Barron: It has six gondolas.

Mr. Glasgow: Does this photograph show a train on the Butler County Railroad made up of the various characters of equipment owned by that road? (Handing photograph.)

Mr. Barron: Yes, sir.

Mr. Glasgow: I offer that in evidence.

(The photograph so offered and identified was received in evidence and marked Butler County Railroad Exhibit No. 2, witness Barron, received in evidence December 9, 1910, and is attached hereto.)

Mr. Glasgow: Does your company, in pursuance of the Act of Congress, observe the hours of service provided by the Congressional Act?

Mr. Barron: Yes, sir,

Mr. Glasgow: Can you tell us about what population is adjacent to and along the line of road operated by the Butler County Railroad, and served by it?

Mr. Barron: There is a population of not less than 3,500 or 4,000 people—there is more than that; I will say 5,000 people.

332 Mr. Glasgow: Farmers?

Mr. Barron: Farmers and merchants— Mr. Glasgow: A general population, I suppose? Mr. Barron: General population. Hunters—

Mr. Cowan: Politicians?

Mr. Barron: Oh, yes; I might say they predominate.

Examiner Burchmore: A great number of timber cutters and lumber men?

Mr. Barron: Yes, sir, a great number of men working in the timber, tie makers, piling makers; all of these, however, or with very few exceptions, have farms and they devote their time——

Commissioner Harlan: Never mind going into these details. We

understand there is a general population there.

Mr. Glasgow: When the Butler County Railroad receives shipments o lumber to go over its road, or cooperage stuff, whichever it may be, or whatever it may be, where is it received by the Butler County Railroad?

Mr. Barron: Wherever it is tendered to it.

Mr. Glasgow: At what points on its line, I mean?

Mr. Barron: Well-

Mr. Glasgow: At the junction points with these logging roads?

333 Mr. Barron: Yes, sir.

Mr. Glasgow: That is what I mean.

Mr. Barron: And other places, too; it receives lumber tendered to it for shipment by a private mill at Melville and it receives lumber tendered to it for shipment by the public at Bailey's and at Batesville. Mr. Glasgow: But I mean, does the Butler County Railroad perform any of the service off its own line, of bringing the traffic to its line?

Mr. Barron: No.

Mr. Glasgow: That is performed, in the case of the Cooperage Company, by the engines of the Cooperage Company?

Mr. Barron: Yes.

Mr. Glasgow: Will you tell me along that line, what industries are there at Poplar Bluff or Linstead?

Mr. Barron: What industries are there at Poplar Bluff?

Mr. Glasgow: Or Linstead?

Mr. Barron: At Poplar Bluff is the mill of the Brooklyn Cooperage Company, engaged in the manufacturing of staves and headings. At Poplar Bluff is the mill of the Quercus Lumber Company, engaged in the manufacture of oak lumber. At Poplar Bluff is the mill of the Oil Well Supply Company, engaged in the manu-

facture of sucker rods for deep wells, and hickory lumber. At Poplar Bluff is the mill of the Putnam Manufacturing Com-

pany, engaged in making handles.

Mr. Glasgow: Has the Brooklyn Cooperage Company any interest whatever in the mill of the Quercus Lumber Company or the Oil Well Supply Company or the Putnam Hickory Mill?

Mr. Barron: None, whatever.

Mr. Glasgow: The Quercus Lumber Company, however, does buy some of the lumber or timber that they use, from the Great Western Land Company?

Mr. Barron: It buys oak logs from the Great Western Land Com-

pany?

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Commissioner Harlan: Does it buy them delivered?

Mr. Barron: No, sir; the logs are scaled by two men; one employed by the Quercus Lumber Company and the other by the Great Western Land Company. They are loaded on the ground of the Great Western Land Company, and on the track of the Brooklyn Cooperage Company. Now, the Great Western Land Company pays the freight. Now, where that point of delivery is, is perhaps a nice legal question, and I would not undertake to say, but the title passes on the ground on these private tracks of the Brooklyn Cooperage Company.

Commissioner Harlan: You mentioned two other companies. Do they get their wood from the Butler County Rail-

way?

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Mr. Barron: Yes, sir.

Commissioner Harlan: Altogether? Mr. Barron: No, sir; not altogether. Commissioner Harlan: Largely?

Mr. Ba. ron: Very largely.

Commissioner Harlan: And is that wood sold to them by the Great Western Land Company in practically the same way?

Mr. Barron: Most of it.

Commissioner Harlan: And delivered in the same way; the title passes on the logging road of the Brooklyn Cooperage Company?

Mr. Barron: No, some of the other customers of the Great Western Land Cmpany cut the timber themselves and haul it.

Commissioner Harlan: And they pay the freight? Mr. Barron: And they pay the freight; yes, sir,

Mr. Glasgow: Is there any other connection between the Quercus Lumber Company, the Putnam Hickory Mill and the Oil Well Supply Company, other than you have stated?

Mr. Barron: By connection you mean railroad connection or pro-

prietary interest.

Mr. Glasgow: I mean proprietary interest, affiliation, 336 ownership or other than that you have detailed, as to getting iumber from the lands of the Great Western Land Company?

Mr. Barron: None whatever.

Mr. Glasgow: Coming down to Bailey's, can you tell us what, if any, industries are located there?

Commissioner Harlan: Proceed as rapidly as you can.

Mr. Glasgow: Is there a cotton gin there?

Mr. Barron: There is a cotton gin there and a saw mill in that immediate vicinity.

Mr. Glasgow: Drummond's saw mill?

Mr. Barron: Yes, sir.

Mr. Glasgow: And a cattle pen?

Mr. Barron: Yes, sir.

Mr. Glasgow: Do the Great Western Land Company or the Brooklyn Cooperage Company have any interest in the cotton gin or Drummond's mill?

Mr. Barron: No.

Mr. Glasgow: It is separate and independent? Mr. Barron: Nor in the cattle pen, which is separate and independent.

Mr. Glasgow: Take it down at Melville?

337 Mr. Barron: Well, there is a saw mill at Batesville.

Commissioner Harlan: Is there a logging road joining your line at Bailey's?

Mr. Barron: No.

Commissioner Harlan: How far is this mill away?

Mr. Barron: Something less than a mile.

Commissioner Harlan: How do they get the lumber over there?

Mr. Barron: By team.

Commissioner Harlan: Does that mill own forests?

Mr. Barron: It owns timber.

Commissioner Harlan: It is lumbering its own timber?

Mr. Barron: Yes.

Commissioner Harlan: And not the timber of the Great Western Company?

Mr. Barron: No.

Mr. Glasgow: And it hauls it up to Bailey's, to your road?

Mr. Barron: Yes, sir.

Mr. Glasgow: Just as the Brooklyn Cooperage Company does up to the points of connection with the logging road?

Mr. Barron: Yes sir; and then the farmers in that neighborhood are making ties and handle bolts, and such things?

Commissioner Harlan: They haul them to your roads?

Mr. Barron: Yes.

Commissioner Harlan: Do you give them any allowance?

Mr. Barron: No.

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Commissioner Harlan: They bear the expense of their haul?

Mr. Barron: Yes, sir.

Mr. Glasgow: Do you give the Brooklyn Cooperage Company any allowance for hauling it up to the line of your road?

Mr. Barron: No.

Commissioner Harlan: There was another mill, you said, at Batesville?

Mr. Barron: At Batesville.

Commissioner Harlan: Just north of Bailey's?

Mr. Barron: Yes.

Commissioner Harlan: What timber is that mill getting?

Mr. Barron: They are getting private timber.

Commissioner Harlan: Not of the Great Western Land Company?

Mr. Barron: No.

Commissioner Harlan: How far from your track is that situated?

Mr. Barron: That is on our track.

Commissioner Harlan: How do they get their logs to the mill?

339 Mr. Barron: By teams.

Commissioner Harlan: What distance?

Mr. Barron: Well, they haul within two miles. Commissioner Harlan: You do not pay them anything, do not give them any allowance?

Mr. Barron: No. sir.

Mr. Glasgow: You do not give anybody allowances for bringing traffic up to your line?

Mr. Barron: No. sir.

Mr. Glasgow: Now, at Melville there is a cattle pen there for receiving cattle also?

Mr. Barron: Yes.

Mr. Glasgow: There is Baumhoefer's mill? Mr. Barron: Yes, sir.

Mr. Glasgow: And Talley's mill? Mr. Barron: Talley's mill. Mr. Talley tendered to the railroad in November 18 cars of lumber, and we shipped it from Melville for him.

Commissioner Harlan: Has he a logging road?

Mr. Barron: No.

Commissioner Harlan: How many miles south of Melville is that mill?

Mr. Barron: Three. 340

Commissioner Harlan: How does he get there with his manufactured lumber?

Mr. Barron: Hauls it by team.

Commissioner Harlan: Three miles?

Mr. Barron: Yes.

Commissioner Harlan: Who bears the expense of that?

Mr. Barron: He does.

Commissioner Harlan: You do not give him any allowance?

Mr. Barron: No, sir.

Examiner Burchmore: It would be more convenient for him if he could haul his lumber over to the Brooklyn Coopers ge Company's private line and there ship it, would it not? He is very near to their line.

Mr. Barron: It is a mile and a half away.

Commissioner Harlan: And he hauls it three miles to Melville?

Mr. Barron: Yes, sir; he has a better road.

Mr. Glasgow: Has there been any application made to the Brooklyn Cooperage Company, so far as you know, to allow them to use that line if they wanted to?

Mr. Barron: No.

341 Commissioner Harlan: Has there ever been any talk about it?

Mr. Barron: That is a new line; it has been built this year.

Commissioner Harlan: I know, but there has been a whole year in which he could take up that question with him.

Mr. Barron: Well, he has not done so.

Commissioner Harlan: Does he know it is there?

Mr. Barron: Yes, sir, he knows it is there.

Mr. Glasgow: You say he has a better road to Melville than from his place to the tracks owned by the Brooklyn Cooperage Company?

Mr. Barron: Yes, sir. That railroad is not quite complete down at the lower end, because it is in such a swampy, wet country that we have not been able to finish it, and that is probably the reason he has not applied for the use of that track.

Commissioner Harlan: You say farmers have bought up some of

these lands?

Mr. Barron: Yes, sir.

Commissioner Harlan: They cut down trees occasionally, do they not?

Mr. Barron: Yes, sir.

342 Commissioner Harlan: What do they do with them? Mr. Barron: They sell them.

Commissioner Harlan: Sell them to the mills?

Mr. Barron: They will sell them to whoever will buy them. They will sell, depending what it is—

Commissioner Harlan: Do they sell the standing tree? Mr. Barron: No, they sell the product of the tree.

Commissioner Harlan: Does it not happen occasionally that they carry those logs to the mill and have them lumbered and then use the lumber?

Mr. Barron: Yes, sir; very frequently. Commissioner Harlan: And sell it? Mr. Barron: No; they use the lumber.

Commissioner Harlan: Don't they occasionally sell it?

Mr. Barron: No, I don't think so. When they carry the log to the saw mill and have it sawed, it is usually for their own purposes, to build houses and barns with.

Commissioner Harlan: You do not have shipments over your

road of small lots of lumber for anybody?

Mr. Barron: Yes, sir, we do; a great many. Commissioner Harlan: Tell us about those. For whom?

Mr. Barron: Well, from Poplar Bluff we have a great many small shipments of finished lumber to stations down the railroad-

Commissioner Harlan: I am talking about the lumber the other

way.

Mr. Barron: No, sir; there is no movement of lumber the other

way in small lots; it is all in carloads.

Commissioner Harlan: Well, do you have shippers that give you one or two carloads in a year?

Mr. Barron: Yes, sir.

Commissioner Harlan: And are there many such shippers?

Mr. Barron: You speak of lumber?

Commissioner Harlan: Yes.

Mr. Barron: Yes, there are two or three. Commissioner Harlan: Do they have mills?

Mr. Barron: Yes, sir.

Commissioner Harlan: Are there any pony mills down in that country?

Mr. Barron: Yes.

Commissioner Harlan: Where are they?

Mr. Barron: Well, there are two on what we call the Hicoria spur.

Commissioner Harlan: Is that the spur of the Cooperage

344 Company?

Mr. Barron: No, sir-the Cooperage Company owns it, but the Butler Railroad Company runs it-

Commissioner Harlan: You mean the spur up from Hicoria to

Mcnorkenut?

Mr. Barron: Yes, sir.

Mr. Glasgow: What is a pony mill?

Mr. Barron: Well, I presume by pony mill is meant a portable

mill.

Mr. Glasgow: I understood you to say that the Baumhoefer mill. Tallev's mill, the P. & S. Lumber Mill, were at Melville or in the vicinity of it.

Mr. Barron: No, the P. & S. Lumber Company has a couple of

mills on the Hicoria spur.

Mr. Glasgow: Does it not also have one at Melville?

Mr. Barron: No.

Mr. Glasgow: And Melville is the point where the mail is carried for Quelin?

Mr. Barron: Yes.

Mr. Glasgow: What is the character of the Butler County Rail-

road, as to its physical character, equipment, rails, and forth.

345 Mr. Barron: The road which was first built was 56 pounds; all that has been built in the last five years is 60 pound steel.

Mr. Glasgow: How does it compare with the road of the trunk

line carriers that you join?

Mr. Barron: Well, I would not like to say that. I think we have got a pretty good road; we carry 100,000 pound capacity cars over it every day, loaded to capacity.

Mr. Glasgow: Mr. Barron, does the Butler County Railroad on these through rates which have been in effect on lumber and on

the class rates—do you issue through bills of lading?

Mr. Barron: Yes, sir. I have got last month's bills of lading right here.

Mr. Glasgow: Are they on the form that has been approved by the Commission?

Mr. Barron: Yes, sir; it is on the universal form.

Mr. Glasgow: There is no use to file them. I suppose?

Commissioner Harlan: No. Have you prepared any exhibit showing the tonnage of your road?

Mr. Barron: Yes, sir.

Mr. Glasgow: I am coming right to that. Have you a statement prepared of the earnings of your passenger business?

346 Mr. Barron: Yes.

Mr. Glasgow: For the year ending June 30, 1910, and for the five months ending November 30, 1910?

Mr. Barron: Yes. sir.

Mr. Glasgow: We offer that in evidence.

(The paper so offered and identified was received in evidence and thereupon marked Butler County Exhibit No. 3, witness Barron, received in evidence December 9, 1910, and is attached hereto.)

Mr. Glasgow: Tell us approximately how many passengers per day are handled.

Commissioner Harlan: We will not go into those details. That is all shown on the exhibit, and can be argued later.

Mr. Glasgow: No, that is not shown on the exhibit.

Commissioner Harlan: Well, it ought to be. Mr. Glasgow: The total is shown.

Commissioner Harlan: Very well; ask the question.

Mr. Barron: We carry 75 passengers per day.

Mr. Glasgow: Have you prepared a statement showing the tonnage and revenue of the Butler County Railroad, from traffic handled for the Brooklyn Cooperage Company and for all other traffic?

Mr. Barron: Yes, sir. 347

Mr. Glasgow: And all other traffic, including the lumber which has been mentioned as being sold by the Great Western Land Company, and which the purchasers take from their lands to mills, and so forth?

Mr. Barron: Yes, sir; to mills, and that is also sold direct in the

form of ties and piling to railroads and brokers.

Mr. Glasgow: I want to file the monthly statement, beginning July 1st, 1909, and ending June 30th, 1910, and for the five months beginning July 1st, 1910, and ending November 30th, 1910.

(The papers so offered and identified were received in evidence and thereupon marked Butler County Railroad Exhibits Nos. 4 and 5. witness Barron, received in evidence December 9, 1910, and are attached hereto.)

Mr. Cowan: I suggest when a statement of that kind is filed that the summary ought to be stated in the record, because these copies will never be furnished to anybody.

Mr. Glasgow: Can you tell us the number of cars handled by the Butler County Railroad from July 1st, 1909, to June 30th, 1910.

all cars handled?

348 Mr. Barron: You are speaking of carload freight?

Mr. Glasgow: Yes.

Mr. Barron: Yes, sir, I can tell you.

Mr. Glasgow: You have it on that yellow memorandum you have got?

Mr. Barron: Yes.

Commissioner Harlan: Does this yellow sheet summarize the larger sheet you have just offered in evidence?

Mr. Barron: Yes, sir.

Commissioner Harlan: Just give us the summary.

Mr. Glasgow: The number of cars for the year ending June 30th, 1910.

Mr. Barron: 10.436.

Mr. Glasgow: What number of cars out of that were handled for the Brooklyn Cooperage Company?

Mr. Barron: 6,593.

Mr. Glasgow: How many for all other carload freight?

Mr. Barron: 3,843.

Mr. Glasgow: What was the percentage of freight cars handled by the Butler County Railroad Company for the Brooklyn Cooperage Company?

Mr. Barron: 63 per cent.

349 Mr. Glasgow: And 37 per cent for other carload freight? Mr. Barron: Yes, sir.

Mr. Glasgow: And the number of tons handled by the company, total, was what?

Mr. Barron: 188,403.

Mr. Glasgow: And the number out of that handled for the Brooklyn Cooperage Company?

Mr. Barron: 108.722 tons.

Mr. Glasgow: And other carload freight?

Mr Barron: 78,441.

Mr. Glasgow: And the less than carload freight?

Mr. Barron: 1, 240 tons.

350

Commissioner Harlan: Of that other carload freight, 78,000 tons, what part contained lumber of the Great Western Land Company?

Mr. Glasgow: You mean from-

Mr. Barron: None. The Great Western Land Company has no lumbering.

Commissioner Harlan: Well, the Great Western Land Company,

you said, sold lumber?

Mr. Barron: No, sir. Mr. Glasgow: Timber?

Commissioner Harlan: I was not using the word "lumber" in the correct sense. How much timber, then, was moved in that 78,000 tons that had been sold by the Land Company to mills other

than the Cooperage Company mills?

Mr. Glasgow: None of that was sold to the Cooperage Company. I will answer it, to expedite it. We have not got this analyzed down to the point to show that of that other carload freight how much is timber coming from the lands of the Great Western Land Company. We have not analyzed it to that point.

Commissioner Harlan: Your figures do not show that?

Mr. Barron: No.

Commissioner Harlan: You can get that, can you not?

Mr. Barron: Yes, sir; I can get it.

Commissioner Harlan: I wish you would do so, and file it as an exhibit. You have testified about certain mills that either cut the timber themselves or buy it delivered on the tramways of the Brooklyn Cooperage Company?

Mr. Barron: Yes, sir.

Commissioner Harlan: We want an examination and a statement of the amount of that timber that goes over the Butler County Railroad.

Mr. Glasgow: Would you not want that analyzed a little further, to show what proportion of it goes to each of the purchasers?

Commissioner Harlan: Well, he can analyze it as he chooses, if he shows that result

Mr. Barron: That is on timber that goes to these outside mills?

Commissioner Harlan: Yes.

Mr. Glasgow: He wants to know how much of that 78,000 tons comes from timber which was cut on the land of the Great Western Land Company.

Mr. Barron: And went to these mills?

Mr. Glasgow: Yes. Mr. Barron: All right.

Commissioner Harlan: Or went elsewhere, all of it that moved

over your road.

Mr. Barron: Well, now, Judge, half of that material that comes off of the Great Western Land Company's land goes to mills, and the other half goes direct in some form that does not require manufacturing; for instance, piling; there is a very large volume of that that goes out.

Commissioner Harlan: Very well; show that. Show all the timber that comes off the Great Western Company's 352 lands and is moved by your line, and for whom it is moved.

Mr. Barron: All right.

Commissioner Harlan: And if you can now, tell us about what proportion of that 78,000 tons constitutes timber of that kind. We would like to know it.

Mr. Barron: I cannot.

Commissioner Harlan: Very well.

Mr. Glasgow: What is the percentage of carload freight handled by the Butler County Railroad Company for the Brooklyn Cooperage Company; the percentage of the total?

Mr. Barron: In tons?

Mr. Glasgow: No. the percentage of the whole number of tons handled for the Brooklyn Cooperage Company.

Mr. Barron: 57 per cent.

Mr. Glasgow: And 42 per cent is other carload freight?

Mr Barron: Yes, sir.

Mr. Glasgow: And one per cent is less than carload?

Mr. Barron: Yes.

353

Mr. Glasgow: Now, the revenue earned; what proportion of that comes from the carload freight handled for the Brooklyn Cooperage Company?

Mr. Barron: 39 per cent of the revenue derived-Mr. Glasgow: Let us get the dollars first.

Mr. Barron: \$28,092.

Mr. Glasgow: What comes from other carload freight?

Mr. Barron: \$41,133

Mr. Glasgow: And less than carload freight?

Mr. Barron: \$4,427.

Mr. Glasgow: And the percentage of the revenue which is derived from the carload traffic of the Brooklyn Cooperage Company is what per cent?

Mr. Barron: 39 per cent of the whole.

Mr. Glasgow: And the other carload freight?

Mr. Barron: 55 per cent.

Mr. Glasgow: And less than carload freight?

Mr. Barron: Six per cent.

Commissioner Harlan: I would like you to extend those figures so as to cover the timber we have just been talking about.

Mr. Barron: Well, it will only change one line.

Mr. Glasgow: I think practically what you want is a statement of all the shippers and what tonnage is handled for them?

Commissioner Harlan: Well, the witness understands. I want the information and percentages of this outside ton-354 nage we have just been talking about.

Mr. Barron: Yes, I understand.

Mr. Glasgow: Now, then, for the five months of the year 1910, beginning July 1st. I will read this without asking the question. The number of cars handledCommissioner Harlan: I think if you will just file it, that will be sufficient.

Mr. Glasgow: Mr. Cowan asked to put it in the record.

Commissioner Harlan: We need all the time we have got. Now, Mr. Glasgow, if you will oblige the Commission by filing it—

Mr. Glasgow: I am going to do it, but I was told that counsel wanted the figures.

(The papers so offered and identified were received in evidence and thereupon marked Butler County Railroad Exhibits Nos. 6 and 7, witness Barron, received in evidence December 9, 1910, and are attached hereto.)

Mr. Glasgow: You know the tariffs which you have had in effect with the Iron Mountain and the St. Louis and San Francisco Road. Can you give us a statement showing the divisions of the through rates to points, St. Louis, New York, New Orleans, Cairo,

Thebes, Memphis and East St. Louis; first in connection with the Iron Mountain, and second, in connection with the St. Louis & San Francisco?

Mr. Barron: Yes, sir.

Mr. Glasgow: Have you that statement?

Mr. Barron: Yes, sir.

(The papers so offered and identified were received in evidence and thereupon marked Butler County Railroad Exhibits Nos. 8 and 9, witness Barron, received in evidence December 9, 1910, and are attached hereto.)

Commissioner Harlan: Was there a larger percentage of traffic for the controlling mill for the year ending June 30th, 1909, than there was for the year ending June 30th, 1910?

Mr. Barron: I think not. The controlling mill's output has been quite uniform, but the other business has been growing quite rap-

idly.

Commissioner Harlan: Then the percentage last year would be larger, would it not, if the percentage of the other has grown rapidily this year?

Mr. Barron: Yes, sir; the percentage of the outside business was larger this year than before.

Commissioner Harlan: What was the percentage of the inside business last year; the controlling mill's traffic?

Mr. Barron: You have it there.

Commissioner Harlan: I mean for the year ending June 30th, 1909?

Mr. Barron: I have not got the figures, but it would be larger, of course, than—

Commissioner Harlan: Have you any idea what the percentage was for that year?

Mr. Barron: It would not be a great deal greater; the outside business is growing. At the beginning, the outside business—

Commissioner Harlan: If you do not know, we will not stop.

Mr. Barron: I do not know, no, but it is not a great deal different.

Mr. Glasgow: Will you please tell us in connection with the two statements you have just filed, showing the divisions which the Butler County Railroad gets, what is the service rendered by the Butler County Railroad for the division of rates which it gets?

Mr. Barron: The service performed by the Butler County Railroad Company is the transportation of the timber from the 357 point where it is tendered to the Butler County Railroad to destination. Some of it is milled in transit. Now, the compensation-of course I say it is transported to destination for the through rate, of which we get that division. Now, the compensation that is received is on the cheaper grades of lumber one cent per 100 pounds on the logs, and on the more valuable kinds of timber, one and one-half cents per 100 pounds on the logs, for the milling in transit service, for handling it, and then the division on the manu-

factured product, if it is milled. Mr. Glasgow: To illustrate it briefly, take a log you receive at Memorkenut on your line, that is going through, a through shipment of the lower grades. As I understand, you carry that log

down on your line to the mill at Linstead?

Mr. Barron: Down to the Brooklyn Cooperage Company's mill. say at Linstead; yes, sir.
Mr. Glasgow: There it is milled in transit?

Mr. Barron: Yes, sir.

Mr. Glasgow: Then you handle that from the mill tracks over to the long line road, and deliver it?

Mr. Barron: Yes, sir.

Mr. Glasgow: And for that, you get the proportion shown in the statement filed? As shown in the tariff? 358

Mr. Barron: Yes, sir.

Mr. Glasgow: And in addition to that, you get one cent per 100 pounds for your own tariff on the log?

Mr. Barron: Yes, sir.

. Mr. Glasgow: And if it is the higher grade of log, one and onehalf cents per 100 pounds?

Mr. Barron: Yes, sir.

Commissioner Harlan: What is the total earnings of your roan, then, on the shipment?

Mr. Barron: On the shipment? Commissioner Harlan: Yes.

Mr. Barron: Well, it takes about five cars of logs to make one of lumber or manufactured material. Now, we get an average of \$4.00 a car on the logs; that is \$20.00, and three cents per 100 pounds under the junction rate, say 60,000 pounds, is \$18.00. get \$38.00 for handling, say, five and a half cars.

Commissioner Harlan: To the mill, and how many cars from the

mill?

Mr. Barron: No, four and one-half cars to the mill and one from the mill.

359 Commissioner Harlan: And what is the distance from the mill to the junction with the Rock Island?

Mr. Barron: Half to three-quarters of a mile.

Examiner Burchmore: That is the distance from the outside of your plant to the line of the Iron Mountain, or does that include

the haul inside the plant?

Mr. Barron: Well, it will average a little over half a mile. You take the mill of the Quercus Lumber Company, that stands about half a mile away from the junction point of the Iron Mountain and Frisco. The Brooklyn Cooperage Company's mill is about the same, and the handle mill about the same.

Commissioner Harlan: Who hauls it from the mill to the regular

line?

Mr. Barron: The Butler County Railroad.

Mr. Glasgow: Are there any other mills in competition with the Brooklyn Cooperage Company's mill in the sale of the manufactured

products?

Mr. Barron: No. sir, the products of the Brooklyn Cooperage Company's mill is consumed by the proprietor of the mill, by the real owner, the beneficial owner of the property. It is not sold.

Mr. Glasgow: Is there anybody in that vicinity making

360 the same character of stuff?

Mr. Barron: Yes, sir, but in a very small way, a very insignificant way.

Mr. Glasgow: And the product of the Brooklyn Cooperage Company's mill does not come into competition with that product?

Mr. Barron: No, sir. Whenever there is any transaction of that character at all, it is the purchase by the Brooklyn Cooperage Company of the product of the outside mill, and not a sale except—

Mr. Glasgow: I think that is all. I will ask to have these maps

marked as exhibits.

(The maps so offered and identified were received in evidence and thereupon marked Butler County Railroad Exhibits Nos. 10 and 11, witness Barron, received in evidence December 9, 1910, and are attached hereto.)

Examiner Burchmore: You testified that the Butler County Railroad was incorporated in 1905?

Mr. Barron: Yes.

Examiner Burchmore: Did you give the date on which it was built, or the first building?

Mr. Barron: I did not.

361 Examiner Burchmore: What was the first construction?
Mr. Barron: 1899.

Examiner Burchmore: Prior to the incorporation in 1905, did or did not the Butler County Railroad, I mean the line that was then in existence, receive allowances from the Missouri Pacific System?

Mr. Barron: It did not.

Examiner Burchmore: It received none?

Mr. Barron: No.

Examiner Burchmore: Has the Butler County Railroad any contract in effect now with the Iron Mountain System covering through rates or allowances?

Mr. Barron: Well, I guess not; nothing more than is shown in the tariffs.

Examiner Burchmore: Any contract, not a tariff, but a contract?

Mr. Barron: Well, then, if a tariff is not a contract, it has no contract, no sir.

Examiner Burchmore: Has it in the past had any such contract

for divisions?

Mr. Barron: No, sir.

Examiner Burchmore: Does the Brooklyn Cooperage Company now have, or has it in the past had such a contract with the Iron Mountain System?

Mr. Barron: No.

Examiner Burchmore: Would you know if there had been such a contract in existence in the past?

Mr. Barron: I would.

Mr. Glasgow: Have you any information that there is? Because 1 will look it up if you have.

Commissioner Harlan: What are you the president of?

Mr. Barron: Nothing.

Commissioner Harlan: What is your relation to the railroad company?

Mr. Barron: I am vice-president.

Commissioner Harlan: As such, are you authorized to sign contracts?

Mr. Barron: For the railroad company; yes, sir. Commissioner Harlan: For the railroad company?

Mr. Barron: Yes.

Commissioner Harlan: Is any one else authorized to sign contracts?

Mr. Barron: Well, I don't remember what the by-laws provide, but I have done all of the business; there has nobody else

363 done anything except me; I have done it all.

Commissioner Harlan: I want to put to you the question: Is there any contract between the Iron Mountain or the Missouri Pacific or any other line governing the amount of divisions that are received by the Butler County Railroad, whether that contract is with your railroad, or with the American Sugar Refining Company or the Land Association, or the Brooklyn Cooperage Company.

Mr. Barron: I do not know what you mean by a contract. They have got a division sheet, issued, but that is all I know anything

about.

Commissioner Harlan: I am talking about a formal contract.

Mr. Barron: No, sir: there is none and never was.

Examiner Burchmore: One of your companies has a contract with the Iron Mountain under which these trackage rights are exercised.

Mr. Barron: That is a verbal contract which runs from month to month. They perform the service and send us a bill for so much money, and we pay it.

Examiner Burchmore: There was a written contract some time

ago?

Mr. Barron: Yes, there was a written contract covering those trackage rights, but that was made by an individual with the Iron Mountain Railroad, and it is so long ago it has been forgotten.

Examiner Burchmore: Who was that individual?

Mr. Barron: That individual was a man named Lowell M. Palmer.

Examiner Burchmore: Who was Lowell M. Palmer?

Mr. Barron: But that did not cover any question of divisions; it just provided for the running of the trains, and fixed the amount of the trackage and the amount per train mile.

Examiner Burchmore: Why was that contract discontinued; why did you abandon that method and resort to a verbal contract, if you

know?

Mr. Glasgow: When was the date of this contract?

Mr. Barron: That contract was made in 1899, when the business was started out there. At that time the land was owned by Lowell M. Palmer.

Commissioner Harlan: Have you a copy of that contract?

Mr. Barron: Yes, sir.

Commissioner Harlan: Will you supply a copy to the Commission?

365 Mr. Barron: Certainly; but that was before these companies ever acquired any of this land——

Mr. Glasgow: May I ask, because I never heard of this before—what is the purpose of going back to 1899 on this?

Commissioner Harlan: For the purposes of this inquiry.

Mr. Glasgow: That does not give me any information.

Commissioner Harlan: We want to get all of the information that is available.

Mr. Glasgow: I thought if I knew your Honor's purpose, I might

be able to assist in getting it out.

Mr. Jeffery: I will state at this time I know there is no contract for divisions between the Butler County Railroad and either the Missouri Pacific or the Iron Mountain. You will recollect that we withdrew from our written contracts which we had with any tap line, and there was only one. This is the first I ever heard of this one, and it must be with an individual.

Commissioner Harlan: The witness has said that it was.

Mr. Jeffrey: But there is none with the Butler County Railroad.

In fact, there is none in effect with any now.

Examiner Burchmore: You testified that the amount of compensation paid to the Iron Mountain for trackage rights was 366 so much per train; I think you mentioned 85 cents per train os 25 cars.

Mr. Barron: No, I said it was 65, 75 and 85.

Examiner Burchmore: Does your road run a train composed of as many as 35 cars?

Mr. Barron: Yes. sir.

Examiner Burchmore: I ask the question because your time table shows three trains each way each day. You testified your total

traffic last year amounted to something in excess of 10,000 cars, which would be, in rough numbers, 35 a day. Those 35 were apparently handled in six trains.

Mr. Glasgow: I suggest that Mr. Barron has not testified that he hauled an average of 35 cars a day over the road. I suppose it is

like any other road-

Examiner Burchmore: The only question I desire to ask iwhat is the average payment per train which you make for these trackage rights, in a general way?

Mr. Barron: Well, it is 75 cents per mile. Examiner Burchmore: That is your average actual payment?

Mr. Barron: Yes, sir. Now, you say we operate three trains a That is correct, but two of those trains do not handle any day. freight business to speak of. All of the freight business is handled by one train, and the train will carry on an average 367

I would say, 42 cars. It is a level track, and a good engine. and we put all of that business into one train and get over the ground faster with the other two, the other two being devoted. I might say, exclusively to passenger business.

Examiner Burchmore: You testified that lines of railroad marked in red on this first map were owned by the Butler County Railroad

Company.

Mr. Barron: Yes. sir.

Examiner Burchmore: Is that an actual ownership in fee of the land, or a long term lease of the land, or some other kind of lease of the land from the Brooklyn Cooperage Company?

Mr. Barron: It is an actual ownership in fee of the land.

Commissioner Harlan: And the rails?

Mr. Barron: Yes, sir, and the rails and the ties and spikes.

Examiner Burchmore: The town known as Linstead; is it within the municipal limits of Poplar Bluff?

Mr. Barron: It is not,

Examiner Burchmore: Within what distance is it of

Poplar Bluff? 368

Mr. Barron: Well, the property there constitutes the eastern boundary of part of Poplar Bluff, and there is about 120 acres of land devoted to manufacturing businesses outside of the munici-

pal limits.

Examiner Burchmore: You referred in your testimony to three other industries at Linstead, or Poplar Bluff, the Oil Well, Supply Company, the Quercus Lumber Company and the Putnam Manufacturing Company. Are the mills or factories of those companies on ground owned by the Brooklyn Cooperage Company; that is, are they lessees of the Cooperage Company?

Mr. Barron: They are, all of them, and up until a few months there was another mill there, the Garretson & Greacen Lumber

Company.

Examiner Burchmore: Can you indicate in a general way what

that lease arrangement is?

Mr. Barron: Yes, sir: the Brooklyn Cooperage Company leased five acres of land to the Oil Well Supply Company for a rental of \$150 per annum, on which they constructed a mill which they operate, and a similar arrangement was made with the Quercus Lumber Company, and on another piece of ground of 20 acres. Later on, another arrangement similar to the other two was made

with the Putnam Manufacturing Company for its mill site.

Examiner Burchmore: And substantially the same rental consideration, the same general basis?

Mr. Barron: The same general basis; ves, sir.

Examiner Burchmore: Does the line of the Butler County Railroad connect with any other railroad than the Iron Mountain?

Mr. Barron: Yes, sir.

Examiner Burchmore: With the Frisco?

Mr. Barron: Yes, sir.

Examiner Burchmore: At what point?

Mr. Barron: Well, they call that Poplar Bluff.

Examiner Burchmore: There is an actual physical connection at

Poplar Bluff?

Mr. Barron. There is an actual physical connection, but it is not in the city of Poplar Bluff; it is outside on this same track of ground.

Examiner Burchmore: Does your company maintain joint

through rates in connection with the Frisco generally?

Mr. Barron: Not generally on lumber,

Examiner Burchmore: Practically its entire traffic goes out over the Iron Mountain?

Mr. Barron: No, sir: the Frisco gets some. The Iron Mountain has been pretty short of cars lately, and the Frisco got the bulk of it.

Examiner Burchmore: What rates apply over the Frisco, the com-

bination of locals?

Mr. Barron: No, there are some through rates there. We have never gotten down to the combination of local rates yet, and I hope

we never shall.

Examiner Burchmore: There are joint through class rates in effect over your line in connection with the Iron Mountain to interstate destinations, and those are published and filed with the Commission. What is the publication of those rates: that is to say, from stations on your line are the class rates to interstate destinations the same as the class rates from the junction points. Lowell, and the same as the class rates from Poplar Bluff? Perhaps that is a little long——

Mr. Barron: It was a little indirect.

Examiner Burchmore: The question is this: Are these joint through class rates in effect over your line to interstate destinations the same as the junction class rates, or are they made on the combination of locals?

Mr. Barron: They are made, some of them are on a combination of locals, and some are not. Some are joint through rates,

371 Examiner Burchmore: But the amount of those joint through rates; are they as low as the joint through rates

Mr. Barron: As the combination of locals? They are lower.

Examiner Burchmore: Are they as low as the through rates in effect from Poplar Bluff?

Mr. Barron: No, they are higher.

Examiner Burchmore: They are substantially equal to the sum of the locals?

Mr. Barron: No, they are less than the sum of the locals.

Examiner Burchmore: You testified that you had class and comnodity rates filed with the Commission between points on the Butler County Railroad, local rates?

Mr. Barron: Yes, sir.

Commissioner Harlan: Is your division less or greater than your

ocals?

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Mr. Barron: Why, Judge, I will tell you. Up to about a month ago it was less, but I went to Mr. Perkins and Mr. Johnson and I complained about that, and they were good enough to increase it to it is a shade more. It formerly was 27 per cent, and it is now 33 per cent. 27 per cent was a shade too low, and 33 per cent would just carry it.

Commissioner Harlan: The percentages of the joint through rates?

Mr. Barron: Yes.

Commissioner Harlan: Now, you get a division that is larger than

he local?

Mr. Barron: Well, it is our local plumb; the scale goes down like hat; but before that, it did not, it went down on the other side; out it is not substantially different from the sums of our locals; that s, on those rates which are based on the sum of the two locals. Now, here are certain rates which are not arrived at in that way, we agree on the division arbitrarily.

Mr. Jeffery: That is less than carload business, and not lumber?

Mr. Barron: That is less than carload business and not lumber; res, general classes and commodities. But now, live stock and rattle which goes in carloads, on which there are through rates hat is not dealt with on the basis of the sum of the two locals, out it is competitive, and we met it both took less than the sum of our local rate.

Examiner Burchmore: On these through class rates are all points on your line blanketed; do they all take the same rate? 17:3

Mr. Barron: No, sir-well, no, sir, they do not,

Examiner Burchmore: Do all points on your line south of lowell Junction take the same rate?

Mr. Barron: No. sir.

Examiner Burchmore: Those rates are scaled, graded?

Mr. Barron: Yes, sir, except cotton and live stock

Mr. Barron: Your index of tariffs, issued December 1, 1910, l. C. C. No. 5, under section 3, reads as follows: "Numerical list of Butler County Railroad Company tariffs bearing I. C. C. numers, none." Does that not indicate that you have no local rates on file with the Commission under your own I. C. C. number.

Mr. Barron: It indicated that at the time that tariff was filed.

we had no local rates on file with the Commission, but we have filed one since.

Examiner Burchmore: Since December 1st, 1910?

Mr. Barron: Yes, sir. I have a copy of it here, I think, or Mr

Glasgow has it.

Examiner Burchmore: You referred to the transportation of the United States mails. Do you have a contract with the Government, similar to the contracts entered into by the Government with all common carriers?

Mr. Barron: Well, now, I never had anything to do with any other railroad, and I do not know what kind of a contract the other railroads have, but we have a contract with the Government

which I presume is similar to the usual contracts.

Examiner Burchmore: The question with me is just this, the Government employs railroads to transport the mail as common carriers between various points; it also employs private individuals, or mail routes, to transport mail in carriages and otherwise—

Mr. Barron: Well, the Government has employed us to transport the mails as a common carrier, and we get the railroad carrier's compensation for the service, which I might mention incidentally

is very low.

Commissioner Harlan: Do you mean your division is low? Mr. Barron: No, the total compensation; the through rate is low.

Mr. Glasgow: The division with the Government is low?

Mr. Barron: Yes, sir.

Examiner Burchmore: Do you carry any express matter?

Mr. Barron: No. We have three trains a day, and it will go by freight just as fast as it will go by express.

Mr. Glasgow: You give it all an expedited service?

Mr. Barron: Yes, sir.

Examiner Burchmore: Has your company any track scales for weighing cars?

Mr. Barron: No.

Examiner Burchmore: Has it any small scales for weighing L. C. L. freight?

Mr. Barron: Yes, sir, it has team scales.

Commissioner Harlan: Judge Cowan, have you some questions? Mr. Cowan: I wanted to ask some questions about some of these divisions. In the exhibits which you have filed, Mr. Barron, showing the divisions with the Missouri Pacific and the St. Louis, Iron Mountain & Southern on lumber and cooperage stock handles and cotton, the rate from Poplar Bluff is stated to be 12 cents to St. Louis from all stations on the Butler County Railroad, of which you get a division of five cents. Does that include the station called Linstead, where your factory is?

Mr. Barron. No. sir. Now, pardon me, but you said the paper shows the rate from Poplar Bluff. Your question would have expressed what you meant if you had left that Poplar Bluff off.

376 and said from all stations on the Butler County Railroad.

Mr. Cowan: Yes, they are both coupled here in the same

category, but I see the rate is ten cents from Poplar Bluff and twelve cents from all stations on your road.

Mr. Barron: Yes, sir.

Mr. Cowan: Out of that twelve cents you get five cents?

Mr. Barron: Yes.

Mr. Cowan: Does that apply on traffic, lumber loaded into the cars at Linstead?

Mr. Barron: Yes, sir; by reason of the milling in transit arrange-

ment.

Mr. Cowan: Do you manufacture lumber, or does that term

"lumber" mean lumber products, staves and barrel heads?

Mr. Barron: Well, the lumber products go out on a commodity cooperage rate, and the lumber proper is manufactured by parties with whom we have no proprietary connection.

Mr. Cowan: You mentioned several factories to whom you had

leased some land there?

Mr. Barron: Yes, sir.

Mr. Cowan: And I assume that was for the purpose of concentrating the business there, and for your railroad to get the traffic loaded on its line and then transferred to the Iron Mountain,

so you would get a division of the rate. Is that correct?

Mr. Barron: Well, that matter was not altogether lost sight
of, no. That railroad has got to live; it has enjoyed a division ever

of, no. That railroad has got to live; it has enjoyed a division ever since it was created, and the result of the operation so far has been a net loss of \$8,000; and we had in mind that division; yes, sir, we had.

Mr. Cowan: There was no other compensation which would amount to anything to let them have the land on which to put the factory except the fact that you would get a division of the rate on the lumber which they manufactured.

Mr. Barron: Yes, sir; they all paid a fair rental value for the

land they got.

Mr. Cowan: I think I heard you mention \$150 a year for five acres. I thought that was pretty cheap.

Mr. Barron: Well, we paid \$60 an acre for the land.

Examiner Burchmore: Does that include the use of your mill pond?

Mr. Barron: No, that is only the land.

Mr. Glasgow: That is 50 per cent.

Mr. Cowan: On cooperage stock from all Butler County Railroad stations the rate to St. Louis is 35 cents, out of which 378 you get—

Mr. Barron: No, sir: that is New York.

Mr. Cowan: I am mistaken; 35 cents to New York, out of which you get three cents?

Mr. Barron: Yes, sir.

Mr. Cowan: How does it come about that you get practically ten per cent on the New York shipments, and you get 40 per cent on the shipments to St. Louis?

Mr. Barron: Because the haul is much longer to New York and the rate higher, and we do not haul it any longer or any farther on

a New York shipment than on a St. Louis shipment.

Mr. Cowan: How far do you haul the lumber itself?

Mr. Barron: The manufactured product?

Mr. Cowan: Yes.

Mr. Barron: About three-quarters of a mile.

Mr. Cowan: It is customary for the carload shipper of lumber or lumber products throughout the country to load the cars?

Mr. Barron: Yes, sir.

Mr. Cowan: The railroad company does not undertake that?

Mr. Barron: Yes, sir; they load the cars.

Mr. Cowan: At what expense is the Butler County Railroad 379 per car for the handling of it from one of these lumber concerns there out to the Iron Mountain Road?

Mr. Barron: Ordinarily none, and I will explain why, because I applied to the American Railroad Association and the Central Storage and Demurrage Bureau for admission to those organizations. and they have so far deferred approving the application, and we are on a demurrage basis instead of a per diem basis. We do not pay per diem, and therefore we are at no expense for the cars.

Mr. Cowan: But I meant the expense of handling per car.

Mr. Barron: The expense of handling per car?

Mr. Cowan: Yes. You switch it over about three-quarters of a mile, as I understand, and I wondered if you knew how much it cost you per car to do that.

Mr. Barron: Well, it does not cost a great deal to do that, but that is not the entire service. We have got to get that timber in

there to Linstead.

Mr. Cowan: I understand all that.

Mr. Barron: And there is a 35 mile haul.

Mr. Cowan: How much do you get for hauling the logs into the mills of some of these other concerns which make lumber products which move to St. Louis on the 12 cent rate?

Mr. Barron: One and one-half cents per 100 pounds, which 380 will average about \$6.00 per car, and the haul will average

Mr. Cowan: Do you know what the Arkansas Commission tariff is for hauling logs a similar distance?

Mr. Barron: No, sir; we do not do business in Arkansas.

Mr. Cowan: Well, Missouri, then.

Mr. Barron: About four and one-half cents per 100 pounds.

Mr. Cowan: For a distance of 25 miles?

Mr. Barron: Yes, sir; either four or four and a half cents, I am not sure.

Mr. Glasgow: Is that a local tariff?

Mr. Barron: Yes, sir. I can tell you what it is.

Mr. Glasgow: I do not care to go any further with it. Mr. Cowan: I did not mean to take time with that.

Mr. Glasgow: You need not go into that, unless counsel desires. Mr. Cowan: I see the rate on cotton to St. Louis from your sta-

tions is 14 cents per 100 pounds, out of which you get a ten cent division. Why is the division on cotton so much less in percentage to the total than in the case of lumber?

Mr. Barron: Well, I expect the Missouri Pacific gentlemen 381 out-traded me on that.

Mr. Jeffery: They don't often do it, I guess.

Mr. Barron: I am glad you called attention to it.

Mr. Cowan: I see the rate to Thebes from all stations on your line for lumber is ten cents, out of which you get five cents, and the Iron Mountain gets five.

Mr. Barron: Well, that is a division of three cents under the junction rate, just as it is in the other cases, outside of cotton.

Mr. Cowan: I wanted to ask what the cooperage company pays for getting its logs in.

Mr. Barron: It pays one cent per 100 pounds. Those logs are not

worth more that 50 per cent of the value of the other logs.

Mr. Cowan: I notice that you do not have the blanket system or rates on lumber from your stations, but a two cent arbitrary above the average. I do not know whether it is an arbitrary, but it is two cents above the St. Louis rate.

Mr. Glasgow: No. Mr. Barron: We have the blanket system, but it is not the same rate as the Poplar Bluff rate, it is a group rate.

Mr. Cowan: It is two cents more from stations on your 382 line than from Poplar Bluff?

Mr. Larron: Yes.

Mr. Glasgow: But the whole line of stations on his line are

Mr. Cowan: Is there a blanket system of rates from the locality

of Poplar Bluff on Iron Mountain stations?

Mr. Barron: Yes, sir, but the blanket is not as big as it is farther south.

Mr. Cowan: How far down does this ten cent rate extend below

Poplar Bluff? Mr. Barron: I do not know; but I do know that a point 15 miles south of Poplar Bluff carries a 1012 cent rate.

Mr. Cowan: How far north of Poplar Bluff does the ten cents rate apply?

Mr. Barron: That I do not know.

Mr. Cowan: Do you know the extent of the blanket to which the ten cent rate applies from stations on the Frisco line to St. Louis?

Mr. Barron: No, sir, but on the same parallel of latitude as the southern terminus of our road, the Frisco's rate to St. Louis is 12 cents, the same as ours; that is a point a few miles east 383 of the southern end of our road.

Mr. Cowan: A man doing business on your line and shipping from stations on your line, either logs or lumber, would have to pay on the basis of two cents more than he would for an equal distance from St. Louis on the Iron Mountain or the Frisco. Your rates are two cents higher.

Mr. Barron: No. sir. From a point on the Frisco as far south from St. Louis as our stations he would pay the same. He would pay a little more if he shipped over our road than he would if he shipped on the Iron Mountain from a point about as far south.

Mr. Cowan: You receive from the Frisco on shipments to Cairo also one-half of the ten cent rate. Now, you spoke about them outtrading you on the cotton. By what sort of means were you able to get the Frisco Railroad and the Iron Mountain Railroad to give you one-half of the rate to Cairo and to Phebes; what inducement was there that would induce them to give you half the rate for the service you performed, and they take it and haul it on to Phebes or Cairo for the same amount they give your company?

Mr. Barron: Well, they give us a division of three cents under the junction rate, and we haul it, say 35 miles to the mill, deliver it to the mill, switch them in and empty car and get the load and carry it out and haul it three-quarters of a mile, and they will haul it 70 miles. We will haul five cars 35 miles and they will haul one car 70 miles, and I think that we are

not getting any more than we are entitled to.

Mr. Jeffery: What is the through rate?

Mr. Barron: I think ten cents: I am not quite sure.

Mr. Cowan: What is the distance from Popular Bluff to Thebes?
Mr. Barron: I should say 60—65 or 70 miles. I am not sure.
Mr. Cowan: Do you know what expense is involved in delivering at Thebes?

Mr. Barron: No, sir. Mr. Cowan: Nor Cairo?

Mr. Barron: No, sir. I understand there is a bridge toll there. Mr. Cowan: How much do you understand the bridge toll to be?

Mr. Barron: A cent and a half.

385 Mr. Cowan: So, after paying the bridge toll, they would have, out of a shipment either to Cairo or Thebes, 3½ cents left, 1½ cents off five cents.

Mr. Barron: Well, assuming those figures are correct, that is so:

but they only haul one car, while we have to handle six.

Mr. Cowan: Well, but at all events, three and one-half cents is what the net would be after they paid the bridge toll at Thebes or Cairo.

Mr. Barron: It is three cents less than their regular rate, whatever that will be.

Commissioner Harlan: Mr. Jeffery, is there a bridge toll at Thebes?

Mr. Jeffery: Yes, I think there is. It is a bookkeeping proposition, for the reason that the Iron Mountain and the Cotton Belt and one other road own the Bridge, and the Iron Mountain, for instance, gets one-third back of everything that goes over it.

Mr. Cowan: Let me ask at this point, Mr. Jeffery, however, it is a very expensive bridge, and you would not be making any money on your investment on one and one-half cents per 100 pounds.

386 Mr. Jeffery: I could not say about that.

Mr. Cowan: What did the bridge cost, do you know?

Mr. Jeffery: I haven't any idea.

Mr. Cowan: Now, you handle some carloads of lumber from stations on your line, where there are some small saw mills where you do not handle the logs at all, but just handle the lumber?

Mr. Barron: Yes, sir.

Mr. Cowan: In those case- you would haul the lumber, just one car?

Mr. Barron: Yes.

Mr. Cowan: Down to the junction point of delivery?

Mr. Barron: Yes.

Mr. Cowan: And get five cents per 100 pounds for it, while the railroad would take that and deliver it to Thebes or Cairo for the other part of the rate?

Mr. Barron: Yes, sir; in those instances that is true,

Mr. Cowan: Your rates generally on that line for everything including lumber are a differential higher than the junction point rate to the outgoing destinations on the Mississippi River. That is, it appears so here?

Mr. Barron: I do not think the classes are stated on here. Mr. Cowan: No, but you stated a while ago that the rates 387 were higher on points on your line than they are from june-

tion points.

Mr. Barron: Yes, sir; they are.

Mr. Cowan: Your New York rate, however, is the same on cooperage to New York-New York is the same rate, and it is also the same to New Orleans from stations on your line as from Poplar Bluff?

Mr. Barron: Yes, sir.

Mr. Cowan: Is the cotton rate from points on your line the same as from the junction point?

Mr. Barron: No, sir, it is higher.

Mr. Cowan: How much higher; do you remember?

Mr. Barron: No, I do not remember.

Mr. Cowan: That will be shown by the tariff anyway?

Mr. Barron: Yes.

Mr. Cowan: That is all. I wanted to inquire of Mr. Glasgow if there has been any map or drawing of the track connections at Poplar Bluff, showing the location of the industries, the switch tracks and their connection with the Iron Mountain and the Frisco.

Mr. Glasgow: Nothing further than I have already offered in

evidence.

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Mr. Cowan: I did not look at it.

Mr. Glasgow: It did not show the terminal connections. Mr. Cowan: I suggest in all these cases there ought to be a drawing to show the terminal connections.

Mr. Glasgow: What is the purpose of that?

Mr. Cowan: It enables the eye to see, better than a verbal description

Mr. Glasgow: You will have a drawing showing your tracks from the mill to the railroad?

Mr. Barron: Yes, sir.

Mr. Coleman: Your cooperage rates from points on your line are the same as from junction points to New York and other points, are they not?

Mr. Barron To New York and New Orleans they are the same.

Mr. Coleman: You do not add the two cent arbitrary?

Mr. Barron: We do on cooperage to everywhere except those two points.

Mr. Coleman: The rate on lumber carries an arbitrary of two cents from points on your line over the rate from junction points?

Mr. Barron: Yes, sir.

Mr. Coleman: The effect of that is to enable you to buy from those little men on your line a good deal cheaper?

Mr. Barron: We do not buy from the little men.

Mr. Glasgow: What little men are you referring to?

Mr. Coleman: Haven't you some individual lumber men on the

line who would sell, some men with pony lumber mills?

Commissioner Harlan: This witness said when they made a purchase of that sort it was a direct purchase by the cooperage company.

Mr. Barron: Of the Great Western Land Company. Well, the Brooklyn Cooperage Company has purchased some tracts of timber also.

Mr. Coleman: And the effect of that adjustment would be to let them buy it two cents cheaper?

Commissioner Harlan: This witness is talking about the purchase of land and you are referring to manufactured material.

Mr. Barron: We do not purchase any manufactured material.
Mr. Coleman: If they can add two cents on the lumber man's
rate out, and make it the same on the cooperage rate, they can get
two cents off his price, that is my point.

Mr. Glasgow: I would like to have the gentleman work that out

a little more definitely.

Mr. Coleman: We will after lunch. You said you complied with all the safety appliance laws?

Mr. Barron: Yes, sir.

Mr. Coleman: And that you spent \$6,500 to put ash pans on two engines?

Mr. Barron: No.

Mr. Glasgow: Let us be fair among ourselves.

Mr. Coleman: I wanted to know.

Mr. Barron: No, I said the expense of complying with the safety appliance acts amounted to anyhow \$6,500.

Mr. Coleman: What did you do to comply with it?

Mr. Barron: Well, we put air brakes on; something like 115 or 120 vehicles.

Mr. Coleman: I see by this picture you have no air brakes on those cars at all.

Mr. Barron: No, you do not see anything of the kind,

Mr. Coleman: Well, show me them.

Mr. Barron: I am not going to show them. They are there all right; like the drummer's overcoat.

Mr. Glasgow: You find them.

Mr. Coleman: You cannot find them, either; they are not there,

391 Mr. Glasgow: That is a puzzle picture. You find the air brakes. Mr. Coleman: How many ash pans did you put on these en-

gines?

Mr. Barron: We did not put any ash pans on. I said that we had complied with the safety appliance acts down to the furnishing of the ash pans.

Mr. Coleman: That was all you did?

Mr. Barron: No, I did not say that was all we did.

Mr. Coleman: Well, we don't seem to connect up, for some

reason.

Mr. Barron: I mean to say that our engines have got the ash pans that you can dump without having the fireman go underneath it. The equipment is fixed that way. It is also fixed with air brakes, and we put them on, and it cost something between \$5,000 and \$6,000 to do that thing alone. They are also equipped with the required steps and grab irons and hand brakes, and the tops of the box cars have got these running boards on.

Mr. Coleman: That is all.

Mr. Cowan: Just one question. The cooperage that is shipped from your manufacturing establishment principally goes 392 to New York and New Orleans?

Mr. Barron: Yes, sir; principally. It goes to other points

but most of it goes to those two points.

Mr. Cowan: That is because the owner of the mill, or the practical owner, consumes the cooperage at the sugar manufacturing plants in the vicinity of those two places?

Mr. Barron: Yes, sir. Now, those cooperage rates were made in 1899, before the organization of the Butler County Railroad or the participation by the railroad in the rate, and they are the same now as they were then.

Examiner Burchmore: Where did those rates apply from then?

Mr. Barron: They applied from Linstead.

Examiner Burchmore: Well, but does not Linstead take the Pop-

lar Bluff rate?

Mr. Barron: Yes, sir, and those rates are the same as the Poplar Bluff rates. They are the Poplar Bluff rates; that is what they are. Commissioner Harlan: Is your railroad paying dividends?

Mr. Barron: No. sir, it has paid in the five years one dividend of

four per cent, but it ought not to have paid that.

Commissioner Harlan: It could have paid it? It did payit?

Mr. Barron: It had borrowed some money, and did not spend all that it had borrowed, and it had that surplus and paid a dividend with it, and afterwards it had to borrow more. We have had to borrow some \$15,000 to \$20,000 to pay our bills in the last two years.

Commissioner Harlan: You file your reports with the Commission,

I believe?

Mr. Barron: Yes.

Commissioner Harlan: That shows your surplus account, if you have any?

Mr. Barron: Yes, sir.

Mr. Glasgow: Will you state, please, what is the population of Poplar Bluff?

Mr. Barron: About 8,000.

Mr. Glasgow: I want you also to state to the Commission whether this man Palmer that you spoke of, who made this contract or agreement with one of the roads for trackage—he sold out all his interests there to the Brooklyn Cooperage Company afterwards?

Mr. Barron: Mr. Palmer owned the land in 1899 and made that contract in his own name. In 1902 he sold all his land to the

Brooklyn Cooperage Company.

394 Mr. Glasgow: So, at the time the contract was made which has been referred to, Palmer owned the lands?

Mr. Barron: Yes, sir.

Mr. Glasgow: And he afterwards sold those lands to the Brooklyn Cooperage Company?

Mr. Barron: Yes, sir.

Mr. Glasgow: Will you please tell us what is the width of the right of way of the Butler County Railroad?

Mr. Barron: 100 feet.

Mr. Glasgow: Have you had accidents on that road for which ou have been — under the Missouri statute applicable to carriers?

Mr. Barron: Yes, sir.

Mr. Glasgow: How many?

Commissioner Harlan: We will not stop on the details of that. If you have been held, that covers the question. It is not necessary to go into detail.

Mr. Barron: Yes, sir, we have been held for that, for litigated

contests.

Commissioner Harlan: You have so stated.

Mr. Glasgow: One more question. Your company is engaged in extending its road as the development requires in that community?

Mr. Barron: Yes, sir. We have in contemplation at the present time the extension of the road ten miles south into Arkansas.

Mr. Glasgow: A further extension of the Butler County Railroad?

Mr. Barron: Yes, sir.

Commissioner Harlan: Did Mr. Palmer own that land in his own right or as trustee?

Mr. Barron: In his own right.

(Witness excused.)

Whereupon, at 1:00 P. M., a recess was taken until 2:00 P. M.

396 After Recess.

2:00 P. M.

Mr. Green: My name is Marcellus Green, of Jackson, Mississippi. I represent the Fernwood & Gulf. I do not exactly understand the status here. The controversy, as I understand it, is a controversy growing out of the rates on the west side of the river under similar circumstances, and my clients have been summoned

here by a notice in these proceedings, to which they are not a party, and I am really embarras-ed to know exactly the status that I occupy, and I would be glad if your Honor would advise me.

Commissioner Harlan: Well, you have been made a party to the investigation which the Commission is making, and have been

served with a notice.

Mr. Green: We are, then, considered as being parties defend-

ant to this controversy on the west side of the river?

Commissioner Harlan: Of course you are only interested where you are, and with what you are doing there.

Mr. Green: There is no controversy on the east side of the

river between the main lines and-

Commissioner Harlan: Are you receiving allowances?

Mr. Green: We are getting a published division on the through rates filed with the Commission.

Commissioner Harlan: That is the controversy here. You

had better be here to justify your case.

Mr. Green: There are hundreds of people interested in these several proceedings. I did not know until yesterday on a telegram from my client, who found out that he was summoned here to be present and answer. Now, is it not possible for your Honor to so adjust this matter that all of us need not be held dancing in attendance here from day to day?

Commissioner Harlan: Have you any suggestion to make as to

how it is to be done?

Mr. Green: Yes, sir, I would make this suggestion, that your Honor take the list of the several carriers or companies in controversy and then assign a day for the hearing of so many on this day and so many on the next day and so many on the next day.

Commissioner Harlan: We cannot spend our time in this way. We are dealing with the commerce of the country, and we have got to move, and you have got to be here to present your case as it is called. Now, I am doing the best I can to represent all interests—

Mr. Green: I see the difficulties in your way, but would it not be possible for our people—we are really outside of the controversy on this west side, and we have no interest

in it-

Commissioner Harlan: I direct your attention again to the suggestion I have just made. The Commission does not understand you are interested in the situation west of the river. The Commission is interested on the east side of the river. You are getting an allowance, and that is what the Commission wants to know about.

Mr. Green: Of course every railroad is getting an allowance

in that sense.

Commissioner Harlan: All I can say to you is perhaps to indicate that the east of the river line perhaps will not be called until Monday. Now, if they are called—I do not think they will be called—but your judgment about that is perhaps as good as mine. We are going to push this thing as rapidly as possible. If the

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eastern lines are called before Monday, they will have to be here. You know who they are, and you might arrange with them as to who will be here tomorrow in case they are called. I do not think they will be called. Perhaps we can say that the east of the river lines will not be called until Monday.

Mr. Brady. That was the question I was about to ask on

behalf of the road I represent.

Crossett Railway Company.

Mr. Gaughan: Mr. Trieschmann will take the stand.

A. Trieschmann was called as a witness, and having been duly sworn, testified as follows:

Commissioner Harlan: State your name.

Mr. Trieschmann: A. Trieschmann.

Commissioner Harlan: Where do you reside?

Mr. Trieschmann, Crossett, Arkansas.

Commissioner Harlan: In what business are you engaged?

Mr. Trieschmann: Engaged in the sawing of lumber, and as auditor and traffic manager of the Crossett Railway Company.

Commissioner Harlan: For what lumber company do you sell lumber?

Mr. Trieschmann: Crossett Lumber Company.

Commissioner Harlan: Where is its mill? 400 Mr. Trieschmann: At Crossett, Arkansas.

Commissioner Harlan: Where is its general office?

Mr. Trieschmann: At Crossett.

Commissioner Harlan: Does it lumber its own forests?

Mr. Trieschmann: It does.

Commissioner Harlan: How long has the Crossett Lumber Company been engaged in business at Crossett?

Mr. Trieschmann: Eight years.

Commissioner Harlan: Have you been with them all that time? Mr. Trieschmann: Not at Crossett all that time. I think about seven years.

Commissioner Harlan: Are they interested elsewhere as lumber

people?

Mr. Trieschmann: No, sir-now, do you mean the stockholders or the company?

Commissioner Harlan: Well, did the company succeed any partnership?

Mr. Trieschmann: No.

Commissioner Harlan: What is the significance of your inquiry, then?

Mr. Trieschmann: The stockholders have interests in other 401 companies, but the Crossett Lumber Company has not.

Commissioner Harlan: Who are the large stockholders of

your company?

Mr. Trieschmann: Mr. E. S. Crossett and Dr. J. W. Watzek and C. W. Gates; they are the large stockholders.

Commissioner Harlan: Are they engaged elsewhere and in other lumber companies?

Mr. Trieschmann: They are. Commissioner Harlan: Where?

Mr. Trieschmann: They are engaged in the lumbering business at Fordyce, Arkansas; Lockhart, Alabama, and in Oregon; I do not know what place in Oregon.

Commissioner Harlan: What is the extent of their forest near

Crossett: how many acres of timber land do they own?

Mr. Trieschmann: The fee simple lands aggregate something like 200,000 acres, and their timber deeds that are part of the holdings but not fee simply lands.

Commissioner Harlan: How many such acres have they; timber

deeds? Was that included in the 200,000?

Mr. Trieschmann: No; I should judge there is close to 50,000 acres; I am speaking in round figures and not accurately. not know.

Commissioner Harlan: Well, for the most part, do they 402

lie north and to the east of Crossett?

Mr. Trieschmann: They lie north and south and west, and some east, but not a great deal east.

Commissioner Harlan: Where is the Crossett Lumber Company's

mill?

Mr. Trieschmann: It is at Crossett.

Commissioner Harlan: And where is it now engaged in timbering?

Mr. Trieschmann: At Crossett.

Commissioner Harlan: Do you mean to say there is lumbering going on right around Crossett, where you are getting the logs?

Mr. Trieschmann: Do you mean the logging operations? Commissioner Harlan: Yes, the logging operations.

Mr. Trieschmann: The logging operations at the present time are about 20 miles north of Crossett.

Commissioner Harlan: How do the logs get to the mill at Cros-

sett?

Mr. Trieschmann: They are hauled over the Crossett Railway. Commissioner Harlan: Tell us about that railway; when was it organized?

Mr. Trieschmann: The first organization I think was in 403 I will have to go to the records for that, because my connection has only been two years, and I would not know,

Commissioner Harlan: You think it was incorporated in 1905? Mr. Trieschmann: I think the first incorporation was in 1905,

Commissioner Harlan: Had the road been built prior to the incorporation of the railroad company?

Mr. Trieschmann: Yes, sir.

Commissioner Harlan: Built by the Crossett Lumber Company?

Mr. Trieschmann: Yes.

Commissioner Harlan In 1905, before the railroad was chartered, what was the distance from which logs were being hauled to the mill at Crossett?

Mr. Trieschmann: Something like eight or ten miles. I do not remember that, either; it could not have been less, I think, though, than ten miles. That, however, does not mean that the first year's logging was done ten miles away from the mill, because the first year's logging was probably done within two or three miles.

Commissioner Harlan: Then since the incorporation of the railroad company, the logging operation has moved farther to the

north?

404 Mr. Trieschmann: Yes, sir.

Commissioner Harlan: And the haul is now about 20 miles?

Mr. Trieschmann: About 20 miles.

Commissioner Harlan: What is the capital stock of the Crossett Lumber Company?

Mr. Trieschmann: It is \$25,000.

Commissioner Harlan: Who owns that stock?

Mr. Trieschmann: It is owned practically by the stockholders of the Crossett Lumber Company.

Commissioner Harlan: Substantially the same investment?

Mr. Trieschmann: Substantially the same.

Commissioner Harlan: Do you know what the cost of that road was?

Mr. Trieschmann: The cost of the original road was \$30,000.

Commissioner Harlan: For how many miles?

Mr. Trieschmann: Ten miles.

Commissioner Harlan: And subsequently ten additional miles were built?

Mr. Trieschmann: Yes, sir; but not by the railroad company.

The ten additional miles is a leased track, the Crossett Railway

Company is paying a lease for the use of the ten miles beyond
the original ten miles.

Commissioner Harlan: Let us go back to the first. The Crossett Lumber Company built ten miles of road before the railroad was organized?

Mr. Trieschmann: Yes.

Commissioner Harlan: To whom does that belong now?

Mr Trieschmann: The Crossett Railway Company.

Commissioner Harlan: When was it transferred to them?

Mr. Triesehmann: I think it was in 1905.

Commissioner Harlan: Shortly after it was incorporated?

Mr. Trieschmann: Yes, sir.

Commissioner Harlan: Did the Crossett Railway Company persunything for that road?

Mr. Trieschmann: Yes.

Commissioner Harlan. What did it pay?

Mr. Trieschmann: Stock.

Commissioner Harlan: To what amount?

Mr. Trieschmann \$30,000.

Commissioner Harlan: What is the capital stock of the road?

Mr. Trieschmann: I mean \$25,000. I got my figures wrong.

Commissioner Harlan: For that amount in stock, the railroad.

company acquired fee simple title to the right of way of about ten miles of railroad?

Mr. Trieschmann: Yes, sir.

Commissioner Harlan: And with the track and steel and equipment?

Mr. Trieschmann: Yes, sir, it included two engines. Commissioner Harlan: It included two engines?

Mr. Trieschmann: Yes, sir.

Commissioner Harlan: No other equipment?

Mr. Trieschmann: No other equipment at that time, excepting working equipment, such as hand cars,

Commissioner Harlan: Are we to understand that those ten miles

only cost \$25,000 to build in the beginning?

Mr. Trieschmann: I really do not know what it cost. I would have to look at the original records. I have no knowledge of that whatever.

Commissioner Harlan: What was the northern terminus of the

road at that time?

Mr. Trieschmann: The northern terminus of the road at that time was what we call Stephens.

Commissioner Harlan: And was that ten miles away?

Mr. Trieschmann: Yes, about ten miles,

Commissioner Harlan: You say after the road was incorporated, ten additional miles were constructed?

Mr. Trieschmann: Not at one time.

Commissioner Harlan: But altogether?

Mr. Trieschmann: Altogether, up to the present time, ten additional miles have been constructed.

Commissioner Harlan. Who built that additional road?

Mr. Trieschmann: The Crossett Lumber Company built that ten miles of additional road.

Commissioner Harlan: Who owns this now?

Mr. Trieschmann The Crossett Lumber Company.

Commissioner Harlan: By whom was that mileage built? Did the Crossett Lumber Company do it under a contract?

Mr. Trieschmann: I think most of it was done under contract? 1

really don't know about that.

Commissioner Harlan: As a matter of fact, was not that built by the Crossett Railroad Company for the Crossett Lumber Company?

Mr. Trieschmann: No, it was not,

Commissioner Harlan, Who owns that track at this time?

Mr. Trieschmann: The Crossett Lumber Company.

Commissioner Harlan. Who operates it?

Mr. Trieschmann The Crossett Railroad Company operates it.

408 Commissioner Harlan: Under what sort of a contract? Mr. Trieschmann: Under a lease.

Commissioner Harlan Have you a copy of that?

Mr. Trieschmann It is on file with the Commission

Commissioner Harlan: Very well.

Mr. Gaughan. Will that be a part of this record?

Commissioner Harlan: If it is on file, it will be part of the record. Mr. Gaughan: I would like to have it understood that all the contracts and papers we have on file with the Commission be included in the record.

Commissioner Harlan: Very well; it will be so understood. You

are sure that is filed with the Commission?

Mr. Trieschmann: Yes, sir.

Commissioner Harlan: When was it filed?

Mr. Trieschmann: I think it was filed about 30 days ago, at a request from the Commission.

Commissioner Harlan: Has the railroad company any share in

that lease?

Mr. Trieschmann: They have not.

Commissioner Harlan: What is the character of the road first constructed to Stephens: what is the character of the roadbed 409 and rails.

Mr. Trieschmann: It is 45 pound rail, and it is in first class order.

Commissioner Harlan: Well ballasted? Mr. Trieschmann: It is well ballasted.

Commissioner Harlan: What about the additional ten miles.

Mr. Trieschmann: It is of the same character. Commissioner Harlan: Same kind of rails? Mr. Trieschmann: Same kind of rails.

Commissioner Harlan: Who are the officers of the Crossett Railway Company?

Mr. Trieschmann: Mr. C. W. Gates is president and E. W. Gates

is vice-president and myself, traffic manager and auditor, Commissioner Harlan: Are those gentlemen also officers of the lumber company?

Mr. Trieschmann: Yes, sir.

Commissioner Harlan: What is their office in the lumber company?

Mr. Trieschmann: Mr. C. W. Gates is president, E. W. Gates is

manager, and myself, assistant manager.

Commissioner Harlan: Do each of you get a salary from the railway company? 410

Mr. Trieschmann: We do not.

Commissioner Harlan: You get a salary only from the lumber company?

Mr. Trieschmann: Yes.

Commissioner Harlan: Have you any clerks in the employ of the railroad company?

Mr. Trieschmann: Yes.

Commissioner Harlan: How many?

Mr. Trieschmann: One.

Commissioner Harlan: What is his salary?

Mr. Trieschmann: His salary is \$100 per month.

Commissioner Harlan: Paid by the railroad company?

Mr. Trieschmann: Yes.

Commissioner Harlan: Does he do any work for the lumber company?

Mr. Trieschmann: Yes.

Commissioner Harlan: What work does he do for the lumber

Mr. Trieschmann: It is just clerical work of various kinds.

Commissioner Harlan: Is he paid by the lumber company also?

411 Mr. Trieschmann: Yes, sir.

Commissioner Harlan: How much?

Mr. Trieschmann: It is a joint salary. This \$100 per month is supposed to cover any and all clerical work of the one man, but the clerical work of the railroad company is divided between two or three men.

Commissioner Harlan: I do not quite understand it. There is one man that does the work and one man gets the salary?

Mr. Trieschmann: No, one man does not do all the work,

Commissioner Harlan: My question was how many clerks you had, and you said one, and I asked what salary he got, and you said \$100 a month.

Mr. Trieschmann: Well, he does not get that whole \$100. Commissioner Harlan: Well, what part does he get?

Mr. Trieschmann: Well, \$100 is paid by the railroad company for the clerical work.

Commissioner Harlan: And the railroad company appropriates that amount every month for its clerical work?

Mr. Trieschmann: Yes; that is— Commissioner Harlan: Is that sum paid to one or more clerks? Mr. Trieschmann: That is paid to more than one,

412 Commissioner Harlan: Give the names of the clerks who have got that \$100 last month.

Mr. Trieschmann: Byron Kemp.

Commissioner Harlan: How much did he get?

Mr. Trieschmann: I don't know exactly how that is divided unless I would look up the record.

Commissioner Harlan: Was it divided among two or three or

four, or how many clerks; do you know that?

Mr. Trieschmann: It is just for the clerical service that is per-

Commissioner Harlan: It is the appropriation, then, by the railroad company for all its clerical work?

Mr. Trieschmann: Yes.

Commissioner Harlan: And that work is done by clerks cherwise in the employ of the lumber company?

Mr. Trieschmann: Yes.

Commissioner Harlan: And they are also paid by the lumber company?

Mr. Trieschmann: They are; yes, sir.

Commissioner Harlan: So that this \$100 as divided among them. is in addition to their monthly salary from the lumber company? I mean, it is paid by the railroad company?

413 Mr. Trieschmann: Yes.

Commissioner Harlan: But it is in addition to what they regularly receive from the lumber company?

Mr. Trieschmann: Yes.

Commissioner Harlan: Do they receive from the lumber company a salary that is identical with the salaries of other clerks in the lumber company that do not do any work for the railroad company?

Mr. Trieschmann: How was that question, again? I do not

believe I understand it.

Commissioner Harlan: How many clerks has the lumber company?

Mr. Trieschmann: I could not tell you.

Commissioner Harlan: Well, quite a number?

Mr. Trieschmann: About 12 or 15.

Commissioner Harlan: And they have a salary that is more or less an average fixed salary?

Mr. Trieschmann: Yes.

Commissioner Harlan: These three or four clerks that do railroad work, do they get more than the other clerks, counting what they get from the railroad company as part of their monthly earnings?

Mr. Trieschmann: Why, yes; they do, that is extra.

Commissioner Harlan: That is the point I wanted to get
at.

Mr. Trieschmann: Yes.

Commissioner Harlan: They get the regular average salary from the lumber company, and then get this extra salary from the railroad company?

Mr. Trieschmann: Yes.

Commissioner Harlan: What other employees of the railroad company are there?

Mr. Trieschmann: There are none excepting the operating crews.

Commissioner Harlan: How many-Mr. Trieschmann: About 40 men.

Commissioner Harlan: The railroad company owns only two locomotives?

Mr. Trieschmann: That is all.

Commissioner Harlan: It has some logging cars? Mr. Trieschmann: They lease the logging cars.

Commissioner Harlan: From whom?

Mr. Trieschmann: The lumber company.

Commissioner Harlan: How many?

Mr. Trieschmann: About 80 I think is correct.
Commissioner Harlan: Under written contracts?

Mr. Trieschmann: There is a contract on file for that, I think. That was done before I knew anything about the railroad business. I do not know whether that contract is on file or whether it is verbal.

Commissioner Harlan: What is the rent paid by the railroad to the lumber company? Mr. Trieschmann: I think the total aggregate is something like \$22,000 a year.

Commissioner Harlan: How much is it a month?

Mr. Trieschmann: Well, it would be one-twelfth of that.

Commissioner Harlan: Don't you pay \$2,500 a month to the lumber company for those cars?

Mr. Trieschmann: The records will show. Commissioner Harlan: But you do not know?

Mr. Trieschmann: No, I would not attempt to say, without looking at the records. The annual report contains that exactly, and it is on file with the Commission.

Mr. Gaughan: If that contract is in writing, and is not on file with the Commission, we would like to have permission to make it

part of this record.

Commissioner Harlan: Very well; if you will just have

416 a copy made and forward it to the Commission.

Mr. Gaughan: I do not know whether it is in writing or

Mr. Trieschmann: If it is on file, we will have it copied for the record.

Commissioner Harlan: Do the men who compose the train crews do any work other than running those trains?

Mr. Trieschmann: Those 40 men also include the track crews for

the maintenance of the railroad.

Commissioner Harlan: Do they do any other work than maintain the track and operate the trains?

Mr. Trieschmann: No, sir.

Commissioner Harlan: Do they load or unload the trains?

Mr. Trieschmann: Yes; they perform all the services in connection with the railroad end of the work.

Commissioner Harlan: Do they load the logs on the cars?

Mr. Trieschmann: No, they do not load the logs on the cars.

Commissioner Harlan: Who does that?

Mr. Trieschmann: The Crossett Lumber Company. Commissioner Harlan: With their employees?

Mr. Trieschmann: With their employees.

Commissioner Harlan: Who unloads them at the mill?

Mr. Trieschmann: The railroad employees.

Commissioner Harlan: Into a pond?

Mr. Trieschmann: Yes.

Commissioner Harlan: Now, you said the lumber company holds about 200,000 acres of land. Is there any timber uncut between Crossett and Stephens at this time?

Mr. Trieschmann: Yes, sir.

Commissioner Harlan: Belonging to the lumber company?

Mr. Trieschmann: Well, I am not in a position to say who owns that timber. There is quite a lot of timber on the north main line that is still uncut. Some is owned by the Crossett Lumber and some by other individuals.

Commissioner Harlan Is there any lumberin, going on there

now south of Stephens?

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Mr. Trieschmann: Nothing more than probably tie making and piling.

Commissioner Harlan: That is done by outside interests?

Mr. Trieschmann: Some done by outside interests and some done by ourselves.

Commissioner Harlan: What is the general character of the

country; are there any farms there?

Mr. Trieschmann: There are a great many farms at the present time in that part of the country.

Commissioner Harlan: South of Stephens?

Mr. Trieschmann: Yes, south of Stephens. I cannot tell how many, but quite a number of farms in that territory; not directly on the railroad, but adjoining the railroad.

Commissioner Harlan: Well, where is the Crossett Lumber Com-

pany now doing the major part of its logging?

Mr. Trieschmann: About 20 miles north of Crossett.

Commissioner Harlan: Where is that with reference to Stephens? Mr. Trieschmann: That is about 10 miles north.

Commissioner Harlan: In other words, at the end of this additional ten miles that have been built?

Mr. Trieschmann: Yes.

Commissioner Harlan: Is any one else doing any lumbering about the end of this extension of ten miles?

Mr. Trieschmann: Yes.

Commissioner Harlan: Who is doing that?

Mr. Trieschmann: I will have to go to the records to find the names. There are probably half a dozen different parties. I would like—

Commissioner Harlan: Are they companies or individuals?

419 Mr. Trieschmann: Some are companies and some are individuals.

Commissioner Harlan: Are those large operations or small? Mr. Trieschmann: They are small at the present time.

Commissioner Harlan: Is the Crossett Lumber Company interested directly or indirectly in those operations?

Mr. Trieschmann: They are not.

Commissioner Harlan: Do you do the hauling of the logs?

Mr. Trieschmann: We do.

Commisioner Harlan: To what mill?

Mr. Trieschmann: Well, that product is not hauled to any mill. That product is hauled as it is put on the cars there, either in the form of logs, staves or piling. Let me correct one statement. We do haul logs to another mill at Crossett, the mill which we lease to an outside party.

Commissioner Harlan: The mill that the Crossett Lumber Com-

pany owns?

Mr. Trieschmann: Owns and leases to another party. Commissioner Harlan: Who is now running that mill?

Mr. Trieschmann: The Garretson & Greacon Lumber Company of St. Louis. Commissioner Harlan Do they have a large output?
 Mr. Trieschmann: About 20,000 to 30,000 feet per day.
 Commissioner Harlan: Where do their logs come from?

Mr. Trieschmann: From the Crossett Lumber Company.

Commissioner Harlan: Do you mean from the lands of the Crossett Lumber Company?

Mr. Trieschmann: Largely from the lands; yes. Commissioner Harlan: Who cuts those logs? Mr. Trieschmann: The Crossett Lumber Company.

Commissioner Harlan: Is that the only outside shipper of logs

into Crossett?

Mr. Trieschmann: No. sir.

Commissioner Harlan: Who else ships logs?

Mr. Trieschmann: There are various parties, and I will get up a statement showing the number of cars that these different parties ship.

Commissioner Harlan: From what lands do their logs come?

Mr. Trieschmann: Individual holdings; I would not know the names.

Commissioner Harlan: Is that a large movement?

Mr. Trieschmann: In the aggregate I presume it is probably 50 to 75 cars so far this year.

Commissioner Harlan: Where do those logs go?

421 Mr. Trieschmann: Various places; some are shipped north; some are shipped to Little Rock and various places, for wagon industries largely.

Commissioner Harlan: What do you regard as the point of ori-

gin, from a transportation point of view, of those logs?

Mr. Trieschmann: We bill them from Stephens. Commissioner Harlan: Through to destination?

Mr. Trieschmann: Through to destination; where there are joint through rates.

Commissioner Harlan: What charge do you make up to Stephens?

Mr. Trieschmann; Up to Stephens?

Commissioner Harlan: Yes.

Mr. Trieschmann: That is all in the through rate.

Commissioner Harlan: So the through rate extends to Stephens and back to the log?

Mr. Trieschmann: Back to the place where we have leased.

Mr. Gaughan: Back to the point where the Crossett Railway Company takes charge of them.

Commissioner Harlan: Is there any logging road that joins the

Crossett Railroad at any point?

Mr. Trieschmann: I believe not.

422 Commissioner Harlan: Counsel has just said that the point of origin of these logs you have just been speaking of is the point where the Crossett Railroad Company takes charge of them.

Mr. Trieschmann: I thought you meant outside of the Crossett

Lumber Company.

Mr. Gaughan: I think the witness misunderstands. Are there not

spur tracks leading out into the timber that the Crossett Lumber Company assembles the logs on the main line from?

Mr. Trieschmann: Yes.

Mr. Gaughan: That is what he has reference to.

Mr. Trieschmann: Yes. I did not know that was the question. Commissioner Harlan: When did the railway company undertake to operate the ten miles of additional line you have described north of Stephens?

Mr. Trieschmann: I think the lease for the first four miles has possibly been in effect one or two years, the records with the Commission will show that. The second lease for an additional four

miles has just taken effect a short time ago.

423 Commissioner Harlan: A matter of a few weeks?

Mr. Trieschmann: Well, more than that; several months.

Commissioner Harlan: If you will send the Commission a copy of that contract or lease. I suppose it is another document, is it not?

Mr. Trieschmann: Yes. Well. I think that is on file with the Commission at the present time.

Commissioner Harlan: Very well. Now, you described 20 miles of railroad operated by the Crossett Company.

Mr. Trieschmann: Well, it should be 18.

Commissioner Harlan: 18? Mr. Trieschmann: Yes, sir.

Commissioner Harlan: And in addition, are there spur tracks or logging roads which run into that track?

Mr. Trieschmann: Yes.

Commissioner Harlan: How many such spur tracks are there, or logging roads?

Mr. Trieschmann: I should judge ten miles; just as a guess. Commissioner Harlan: And by whom are they owned?

Mr. Trieschmann: They are owned by the Crossett Lumber Company.

424 Commissioner Harlan: Who operates them?

Mr. Trieschmann: The Crossett Lumber Company.

Commissioner Harlan: With what equipment? Mr. Trieschmann: Their own equipment.

Commissioner Harlan: Including an engine?
Mr. Trieschmann: Including their own engines.

Commissioner Harlan: How many cars have they on those ten miles of logging road?

Mr. Trieschmann: How many have they?

Commissioner Harlan: Yes, the Crossett Lumber Company.
Mr. Trieschmann: I do not know how many, they have some.

but the Crossett Railway cars are used largely on those tracks.

Commissioner Harlan: Are those logging roads the roads that reach these other outside people that send logs and staves into Crossett over your railroad?

Mr. Trieschmann: Some are and some are hauled by teams to the main line where we built switches for them to load their cars.

Commissioner Harlan: Now, who does any hauling by wagon?

Mr. Trieschmann: Various parties.

Commissioner Harlan: For what distance?

Mr. Trieschmann: That I don't know I presume any

425 where from one to four or five miles.

Commissioner Harlan: Do you haul the logs or staves?

Mr. Trieschmann: Both.

Commissioner Harlan: Do you know how large a tonnage that is?

Mr. Trieschmann: I think it has been about 65 to 75 cars in the last twelve months. It has just recently developed.

Commissioner Harlan: Do the logging roads owned by the railway company carry lumber in any form, either in logs or stayes, that did

not come from the forest of the Crossett Lumber Company?

Mr. Trieschmann: I am not in a position to say. I am not sure about that.

Commissioner Harlan: Well, what is your best opinion?

Mr. Trieschmann: I think there is some traffic that is hauled over these logging lines before it is delivered to the railway company.

Commissioner Harlan: Have you some special person or company in mind who is doing any lumbering beyond there, and who uses those logging roads?

Mr. Trieschmann: Yes. sir.

Commissioner Harlan: Well, who?

426 Mr. Trieschmann: There is the Hampton Stave Company, for Fordyce, Arkansas.

Commissioner Harlan: Where do they get their raw material? Mr. Trieschmann: They buy it from individuals out there.

Commissioner Harlan: Are staves made in mills?

Mr. Trieschmann: No. sir. not in our mill. They have stave mills for that purpose.

Commissioner Harlan: Does this man have a stave mill whom you

have just mentioned?

Mr. Trieschmann: They get out the hewed products; what they call stave bolts, and those are transported to the mills.

Commissioner Harlan Are there any points on your line other

than Stephens where there is any population?

Mr. Trieschmann: There are logging camps which constitute a population of about 500 to a camp.

Commissioner Harlan: How many such camps are there? Mr. Trieschmann: We have two such camps on the line.

Commissioner Harlan: And they are employees of the Crossett Lumber Company?

Mr. Trieschmann: In the main they are.

Commissioner Harlan: Does the lumber company operate company stores?

427 Mr. Trieschmann: They do.

Commissioner Harlan: Are there any outside stores there to supply the lumber camps?

Mr. Trieschmann: Not directly in the camps, but nearby. Commissioner Harlan: Are there any towns or post offices?

Mr. Trieschmann: I am not in a position to say about any post offices.

Commissioner Harlan: Well, any sort of towns.

Mr. Trieschmann: No, there are no towns out there. I will take that back. There is one town that we supply, that is within one mile of the railroad.

Commissioner Harlan: What do you haul there?

Mr. Trieschmann: We haul merchandise for the people who live there.

Commissioner Harlan: General merchandise?

Mr. Trieschmann: General merchandise.

Commissioner Harlan: How large a town is that?

Mr. Trieschmann: It is just a small country post office, probably two or three stores. I have never been there, so I am not posted.

Commissioner Harlan: Do you run passenger trains?

Mr. Trieschmann: We do not.

428 Commissioner Harlan: Do you carry mail or express?

Mr. Trieschmann: We do not.

Commissioner Harlan: This traffic to the town which you have spoken of, I suppose, is very small?

Mr. Trieschmann: Comparatively small; yes, sir.

Commissioner Harlan: It is all a local movement from Crossett, or do you have any through traffic?

Mr. Trieschmann: We have some through traffic, but that is comparatively small.

Commissioner Harlan: Have you through rates on general merchandise?

Mr. Trieschmann: Yes.

Commissioner Harlan: Class rates?

Mr. Trieschmann: Class and commodity rates.

Commissioner Harlan: How long have they been in?

Mr. Trieschmann: They have been on file for six months. I should say. The tariff is on file with the Commission.

Commissioner Harlan: What was the total tonnage of your rail-

road for the last fiscal year?

Mr. Trieschmann: That is on file with the Commission. I have not refreshed my memory with those figures.

Examiner Burchmore: Approximating 5,000 carloads?

Mr. Trieschmann: Well. I think it is a little less than that; approximately a little over 4,000; between 4,000 and 5,000.

Commissioner Harlan: What percentage was logs from the Cros-

sett Lumber Company?

Mr. Trieschmann: I should judge between 90 and 95 per cent.

Commissioner Harlan: And what percentage was logs or staves manufactured from the forest belonging to the Crossett Lumber Company?

Mr. Trieschmann: About the same per cent.

Commissioner Harlan: You do not quite mean that, do you? Mr. Trieschmann: Maybe I did not get your question right?

Commissioner Harlan: You say 95 per cent was lumber from the Crossett Lumber Company. That leaves five per cent unaccounted for. Out of the five per cent remaining, how much consisted of logs and staves that had been cut and manufactured by other persons from the land of the Crossett Lumber Company?

Mr. Trieschmann: The entire five per cent; that is, I am just

guessing at those percentages.

Commissioner Harlan: Those are approximations?

Mr. Trieschmann: Those figures are all on file with the

Commission in detail. 430

Commissioner Harlan: You do not include this general merchandise at all in your figures?

Mr. Trieschmann: Yes, that is included.

Commissioner Harlan: What percentage of the whole was that?
Mr. Trieschmann: The general merchandise?

Commissioner Harlan: Yes.

Mr. Trieschmann: A very small per cent; probably three or four hundred thousand pounds of that kind of merchandise in twelve months.

Commissioner Harlan: Of that merchandise, how much was to

the Crossett Lumber Company's stores and camps?

Mr. Trieschmann: That is in addition to what I gave you.

Examiner Burchmore: With reference to the construction of this road north of Stephens, there is filed with the Commission a copy of a contract entered into in 1906 by the Rock Island Company, the Crossett Railroad Company and the Crossett Lumber Company, which recites that the railway company, meaning the Crossett Railway Company, is, at the request of the lumber company, building a line of railway from Crossett, Arkansas, in a northeasterly direction

to Stephens. Arkansas, a distance of 61/2 miles, and from Stephens, Arkansas, in a northeasterly direction, a distance 431

of 91/2 miles. When completed, said railway's main line will be 16 miles in length. One of the provisions of the contract is that the Crossett Railway Company covenants and agrees with all speed and despatch to complete its railway from Crossett in a northeasterly direction to Stephens, and from Stephens in a northeasterly direction for 916 miles. With those provisions in this contract read, is your recollection changed so you would now say that the railway beyond Stephens was constructed by the Crossett Railway Company, rather than by the lumber company?

Mr. Trieschmann: I said it was constructed by the lumber com-

pany.

Examiner Burchmore: This contract seems to say it was constructed by the Crossett Railway Company.

Mr. Trieschmann: Well. I am not familiar with the details of that

contract.

Examiner Burchmore: I have just read that into the record.

Mr. Trieschmann: It is on record for itself.

Examiner Burchmore: After the construction of this line from Crossett to Stephens it was operated-that is, after 1905-by the Crossett Railway Company, and the line beyond Stephens

was operated for a time by the lumber company? 432

Mr. Trieschmann: Yes, sir.

Examiner Burchmore: In 1909 or 1910 the Crossett Railway

Company took over the operation of a portion of the line north of Stephens.

Mr. Trieschmann: Four miles.

Examiner Burchmore: What change of conditions or circumstances explains this difference in the operation? Why did the railway subsequently take over the additional mileage, if you know any explanation?

Mr. Trieschmann: Well, I do not know what the explanation was, other than to get the operations under the railroad manage-

ment.

Examiner Burchmore: I might ask the question a little differently. Why, in the beginning, was the line beyond Stephens operated by the lumber company instead of by the railroad company as one operation?

Mr. Trieschmann: I am not posted to say as to just why that was

done.

Commissioner Harlan: Let me ask at this point, is it not true that the operation of this track by the railroad company followed the lumbering as the lumbering went farther back—

433 Mr. Trieschmann: That is true.

Commissioner Harlan: Did not the railroad company take up the operation of the line? You say that is true?

Mr. Trieschmann: That is true.

Commissioner Harlan: Leaving the lumber company to operate the rest of the mileage that went into the forest?

Mr Trieschmann: Yes.

Commissioner Harlan: Why was that so? Why was it so ar-

ranged?

Mr. Trieschmann: Well, in getting out the timber, it is hard to determine just what direction you want the line to take. The railroad company did not take over the railroad; it did not lease it until the permanent line had been established, and subsequently would buy it as a part of the main line.

Commissioner Harlan: But this additional ten miles you have described has never been changed, as I understand it, since it was

first constructed?

Mr. Trieschmann: It was not all constructed at the same time in the northerly direction.

Commissioner Harlan: But it never was a movable line?

Mr. Trieschmann: No. sir.

434 Commissioner Harlan: Part of the time a portion of that line was operated by the lumber company?

Mr Trieschmann: Yes.

Commissioner Harlan: And the rest by the railroad company?

Mr. Trieschmann: Yes.

Commissioner Harlan: So it was not a question as to being a movable line; the lumber company simply did not turn that part over to the railroad company. Now, why not?

Mr. Trieschmann: I do not know as I can give you an explanation of that. That is out of my jurisdiction. I do not know why

that was done.

Examiner Burchmore: Some parties not connected with the Crossett Lumber Company have been carrying on outside logging operations in this region, and you say on land that does not belong to the Crossett Lumber Company.

Mr. Trieschmann: Yes, sir.

Examiner Burchmore: Does the Crossett Lumber Company own

the stumpage rights on that land or any of it?

Mr. Trieschmann: It might own some, but there is a great deal of product handled that it does not. Where the Crossett Lumber Company owns the stumpage, they would do their own operations.

Examiner Burchmore: Is there any town at Stephens? I

435 did not understand you to say that there was.

Mr. Trieschmann: There is no town there, except a mer-

cantile establishment.

Examiner Burchmore: Is that mercantile establishment operated by the Crossett Lumber Company?

Mr. Trieschmann: It is not.

Examiner Burchmore: It has no relation to it?

Mr. Trieschmann: No relation whatever.

Examiner Burchmore: Are there any considerable number of stores at Crossett?

Mr. Trieschmann: Just one store at Crossett.

Examiner Burchmore: That is the company store?

Mr. Trieschmann: The company store,

Examiner Burchmore: But there is a store at Stephens which is not a company store?

Mr. Trieschmann: Yes.

Examiner Burchmore: And they compete?

Mr. Trieschmann: And they compete.

Examiner Burchmore: What rate does the storekeeper at Stephens pay to get his merchandise from the wholesaling points?

Mr. Trieschmann: There is a through rate published, which tariff is on file, and from points where there are no through rates published, the local rate, as filed with the

Arkansas Commission, is charged.

Examiner Burchmore: What is that through rate; that is to say, is that through rate higher than the rate to Crossett?

Mr. Trieschmann: No. sir; I think not. Examiner Burchmore—The same rate?

Mr. Trieschmann: I think it is the same rate. The tariff will show for itself.

Examiner Burchmore: The lumber company maintains commissaries up in the woods?

Mr. Trieschmann: Yes.

Examiner Burchmore What freight charges, if any, does the lumber company pay on its supplies for those commissaries?

Mr. Trieschmann: The published Arkansas rate.

Examiner Burchmore: Up to Crossett, or beyond-Crossett?

Mr. Trieschmann: Beyond Crossett.

Examiner Burchmore On the Crossett Railway?

Mr. Trieschmann: Yes. sir.

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Examiner Burchmore: Where there are through rates of freight, it pays the through rate, however?

437 Mr. Trieschmann: If the shipments are handled in that

Examiner Burchmore: If the shipments are handled in that way, it is customary to bill them locally to the junction point?

Mr. Trieschmann: No; they are billed through from the shipping

point, if it is a commodity that can be handled in that way.

Examiner Burchmore: Has your company published and filed with the Interstate Commerce Commission a tariff of local fares between Crossett and Stephens?

Mr. Trieschmann: Yes, sir, on interstate traffic. Examiner Burchmore: Class rates?

Mr. Trieschmann: Class rates.

Examiner Burchmore: Do you carry any passengers?

Mr. Trieschmann: We do not.

Examiner Burchmore: Do not people ride on your trains?

Mr. Trieschmann: Employees, and possibly some others; I am not in a position to say about that. I presume there are.

Examiner Burchmore: What other trunk lines does the Crossett Railway connect with, in addition to the Rock Island System?

Mr. Trieschmann: With the Iron Mountain Railway, and 438 the A. L. & G.

Examiner Burchmore: The Arkansas, Louisiana & Gulf?

Mr. Trieschmann: The Arkansas, Louisiana & Gulf.

Examiner Burchmore: What percentage of its outbound tonnage on lumber goes out over each of these companies, in a general way?

Mr. Trieschmann: Well, in a general way I should say 50 per cent goes Rock Island, 40 per cent Iron Mountain and ten per cent the other; that varies according to the car supply; some months it is just the reverse from that.

Examiner Burchmore: Is it true as a general statement that the

rates are the same by these three trunk lines?

Mr. Trieschmann: Exactly the same.

Examiner Burchmore: Are the conditions the same?

Mr. Trieschmann: In the main they are. There are some differences; it depends on the territories.

Commissioner Harlan: How far is your mill from the Rock Island

tracks?

Mr. Trieschmann: About, I should judge, half or three-quarters of a mile; probably half a mile.

Commissioner Harlan: And from the Iron Mountain tracks? Mr. Trieschmann: Probably 300 or 400 yards.

439 Examiner Burchmore: Is not your mill right at the junction between the two companies?

Mr. Trieschmann: At the junction between the Rock Island and the Iron Mountain?

Examiner Burchmore: Between the Iron Mountain and the Rock Island: practically at the junction?

Mr. Trieschmann: Practically at the junction: 200 or 300 yards.

Commissioner Harlan: And what allowances do you get from the Iron Mountain?

Mr. Trieschmann: That varies all the way, I think, from two to four and a half cents.

Commissioner Harlan: What is the highest allowance you have ever received from any rate?

Mr. Trieschmann: Four and a half cents.

Commissioner Harlan: Are the Rock Island allowances the same?

Mr. Trieschmann: The same.

Commissioner Harlan: To the same destinations?

Mr. Trieschmann: Well, that varies some; not exactly the same to the same destinations.

Commissioner Harlan: What service do you understand 440 the Crossett Railway Company performs for those allowances? Mr. Trieschmann: As I understand it, the milling in transit, and the delivering of the lumber to these lines.

Commissioner Harlan: That is, the hauling of the logs from the tree to the mill?

Mr. Trieschmann: Yes.

Commissioner Harlan: And the manufactured lumber from the mill to the main line?

Mr. Trieschmann: Yes, sir.

Commissioner Harlan: Do you put them on the interchange track of the main line?

Mr. Trieschmann: Yes.

Examiner Burchmore: On shipments of general merchandise. that is, as distinguished from lumber coming into Crossett over the Rock Island and Iron Mountain, and consigned to the company's store at Crossett, does the Crossett Railway Company receive any switching charge?

Mr. Trieschmann: If it is billed through to the Crossett Railway.

we do receive part of the through rate.

Examiner Burchmore: As a matter of fact, are not shipments that are intended for the company's store at Crossett, customarily billed for delivery on the Crossett Railway at Cros-441 sett?

Mr. Trieschmann: No, I think most are billed direct.

Examiner Burchmore: What is that switching charge where it is allowed?

Mr. Trieschmann: I do not think there is any switching charge of that kind, except on straight carload lots. There is no switching charge on less than carload lots.

Examiner Burchmore: Is that paid by the consignee or by the

Rock Island or Iron Mountain?

Mr. Trieschmann: That switching charge is paid by the railway company, wherever there is a switching charge.

Examiner Burchmore: Does your company issue bills of lading covering outbound shipments of lumber?

Mr. Trieschmann: Yes sir. Examiner Burchmore: Where are they issued? Mr. Trieschmann: They are issued in the office. Examiner Burchmore: At Crossett?

Mr. Trieschmann: At Crossett.

Examiner Burchmore: A shipment of logs coming from a point north of Stephens and moving by railroad to Crossett and there milled into lumber and subsequently shipped out as lumber

442 to an interstate destination; would any bill of lading be issued at Stephens or at a point up in the woods covering a carload of logs?

Mr. Trieschmann: It would not.

Examiner Burchmore: The first bill of lading issued on such a transaction would be issued at Crossett?

Mr. Trieschmann: Yes, sir. Examiner Burchmore: Would that be issued when the lumber was shipped out of the mill?

Mr. Trieschmann: Yes, sir. Examiner Burchmore: What rate would be applied; the rate in effect at the time the shipment left the woods, or the rate in effect at the time the shipment left the mill?

Mr. Trieschmann: The mill.

Examiner Burchmore: And that rate would be the rate published from Crossett or from Stephens?

Mr. Trieschmann: From Stephens.

Examiner Burchmore: You have a milling in transit privilege published in the tariff?

Mr. Trieschmann: Yes, sir.

Examiner Burchmore: Are you familiar with the Commission's rulings with regard to transit privileges and practices?

Mr. Trieschmann: I don't know as I am, any late rulings.

443 I kept up-

Examiner Burchmore: The customary transit arrangement at large transit points, such as Chicago, contemplates the surrender by the shipper at transit points, of the inbound billing at the time he ships his product out. Such a practice is not possible on the Crossett Railway under the present methods of billing?

Mr. Trieschmann: I should think not: no, sir.

Examiner Burchmore: You just assume that the logs have come from Stephens?

Mr. Trieschmann: Yes, sir.

Commissioner Harlan: As a matter of fact, you know they have?

Mr. Trieschmann: Certainly.

Mr. Gaughan: They could not come from anywhere else.

Examiner Burchmore: Are any waybills issued by the Crossett Railway?

Mr. Trieschmann: Yes, sir.

Examiner Burchmore: On lumber moving south, or moving into Crossett?

Mr. Trieschmann: Lumber moving into Crossett?

Examiner Burchmore: Way bills, not bills of lading, but are any way bills issued on movements of logs to Crossett? Mr. Trieschmann: No, sir.

Examiner Burchmore: They are just handled in the cars?

Mr. Trieschmann: In the cars.

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Examiner Burchmore: Is there a card billing on the cars?

Mr. Trieschmann: There is not.

Examiner Burchmore: How can you tell whether a car of logs

is intended for your mill at Crossett or for some one else?

Mr. Trieschmann: By reports made by the train crew. I will correct that. There is billing on other logs for other parties. There is a slip billing for them, which is re-billed at Crossett.

Examiner Burchmore: You have no agent at Stephens?

Mr. Trieschmann: No.

Examiner Burchmore: Shipments of merchandise, from state or interstate points, consigned to this storekeeper at Stephens, how do you collect the charges on such a shipment?

Mr. Trieschmann: We keep an account.

Examiner Burchmore: And collect from his monthly or—
Mr. Trieschmann: Well, just whenever it is convenient, probably some days we collect daily and keep an account.

Commissioner Harlan: Do you keep separate books of account for the railroad company?

Mr. Trieschmann: Yes, sir.

Commissioner Harlan: And report to this Commission?

Mr. Trieschmann: Yes.

Commissioner Harlan: How long have you been doing that? Mr. Trieschmann: Ever since the Commission required it.

Examiner Burchmore: Are your cars equipped with safety couplers?

Mr. Trieschmann: They are not.

Examiner Burchmore: With air brakes?

Mr. Trieschmann: They are not.

Examiner Burchmore: Are your locomotives equipped with such devices?

Mr. Trieschmann: I am quite sure they are equipped. I am not

posted on the mechanical end of it.

Examiner Burchmore: Some of your cars are used for purposes other than the hauling of logs?

Mr. Trieschmann: Yes, sir.

Examiner Burchmore: Are such cars equipped with safety devices?

Mr. Trieschmann: Yes, sir.

Mr. Gaughan: Do you know of any instance where the through rate has been changed between the time the logs started from the woods and the lumber from that log would reasonably be shipped out?

Mr. Trieschmann: I never have.

Mr. Gaughan: As a general rule, how long is it from the time a shipment of logs starts from the woods until it is milled into lumber?

Mr. Trieschmann: Well, anywhere from one week to thirty day-Some might be three months. That would be impossible to state accurately.

Mr. Gaughan: But I mean as a general rule?

Mr. Trieschmann: As a general rule, about two to three weeks.

Mr. Gaughan: Where are they kept, in a pond?

Mr. Trieschmann: What is that?

Mr. Gaughan: Are they kept in a pond?

Mr. Trieschmann: Those logs?

Mr. Gaughan: Yes.

Mr. Trieschmann: The logs are not kept more than 24 hours probably.

Mr. Gaughan: That is what I am talking about; from the time the railroad company gets the logs, how long is it before they are turned into lumber?

Mr. Trieschmann: That is liable to happen in five to 24 hours. Mr. Gaughan: It is rarely ever more than 48 hours, is it?

Mr. Trieschmann: No. sir.

Mr. Gaughan: What is the character of the forest growth in the territory through which your railroad is extended?

Mr. Trieschmann: There are various kinds of hard wood and

the pines, pine predominating.

Mr. Gaughan: I wish you would state the different kinds of hard

wood that are merchantable.

Mr. Trieschmann: Oak, gun, hickory, some cypress; those are the principal varieties.

Mr. Gaughan: Are those classes of timber now coming into the

market?

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Mr. Treischmann: They are.

Mr. Gaughan: Is pine timber now coming into the market which was unfit for logs at the time these woods were cut over?

Mr. Trieschmann: Yes, sir. Mr. Gaughan: For what use?

Mr. Trieschmann: For various uses.

Mr. Gaughan: Could you name some of the uses?

Mr. Trieschmann: Some of the lower grades are now being used for box purposes and crate purposes.

Commissioner Harlan: I do not think we will go into that, unless

they are made on this line.

Mr. Gaughan: I simply wanted to show the forest products that are still left there, to be hauled by this railway company.

Commissioner Harlan: Well, he says there are such products to

be hauled. You need not go into the details.

Mr. Gaughan: I would like to show the extent of it.

Commissioner Harlan: Do you mean in tonnage? Well, proceed and answer the question.

Mr. Gaughan: In a general way, not particularly, of course, but

in a general way; is there much of it, or just a little of it?

Mr. Trieschmann: There is a great deal of that character of timber that will have to be cut from now on.

Mr. Gaughan: Is it not a fact that this railroad has extended north near the Saline River bottoms?

Mr. Trieschmann: That is a fact.

Mr. Gaughan: Is there not a great deal of hard wood timber in that bottom?

Mr. Trieschmann: Very large quantities.

Mr. Gaughan: Do you know of any one or many people who have

purchased hard wood timber holdings in that territory who expect

to have it brought out on this railroad?

Mr. Trieschmann: I know of one party who invested a little over a million dollars. I do not know how many acres that included. I think that is known as the American Timber Company: It is the only large investment that I can recall now.

Mr. Gaughan: State what proportion of the pine timber owned by the Crossett Lumber Company in the territory where the railroad

is built has now been cut.

Mr. Trieschmann: About, I should say, 95 per cent of the first

cutting.

Mr. Gaughan: In the event the Commission should hold that this railroad is not entitled to participate in the through rates, what would the company do with that road?

Mr. Trieschmann: Well, there are several propositions that might present themselves. We would either have to make an attempt to surrender our charter, and if that was allowed, of course we would take up the track. If it was not allowed, under the 450 laws of Arkansas, we would have to operate trains at a very

heavy loss.

Mr. Gaughan: Is there any future for that road? What is the purpose of the owners, or rather, the stockholders of this road, to do with it in the event it is recognized as a railroad entitled to partici-

pate in divisions?

Mr. Trieschmann: The purpose is to extend north immediately. connecting with a railroad running south from Wilmar, Arkansas, acquiring that property, which would make an extension of something like 50 miles from Crossett to Wilmar, which would be operated for regular train service.

Mr. Gaughan: Would you inaugurate a passenger business then? Mr. Trieschmann: We would be compelled to, and we would, be-

cause it would be profitable.

Mr. Gaughan: Has that line been surveyed?

Mr. Trieschmann: It has. Mr. Gaughan: At what cost?

Mr. Trieschmann: I think something like \$1,500 to \$2,000 was expended for that survey.

Mr. Gaughan: Will you attach a map showing this sur-

451 Commissioner Harlan: I do not think we need that.

Mr. Gaughan: What has been done in the way of developing agricultural industries along the line of this railroad?

Mr. Trieschmann: There have been a great many small farms

developed in what was, a few years ago, waste land.

Commissioner Harlan: That whole country is opening up, as all the rest of the state is: is not that about it?

Mr. Trieschmann: In this immediate vicinity it has opened up since the railroad has gone into that country. It was waste land prior to that time, so far as agriculture is concerned.

Mr. Gaughan: Have the stockholders of this company built a

cotton gin at Crossett this year?

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Mr. Trieschmann: The stockholders of the lumber company have.

Mr. Gaughan: Well, they are the same people?

Mr. Trieschmann: Not this year, but two or three years ago.

Mr. Gaughan: How many bales of cotton did they gin there this

Mr. Trieschmann: Ginning is not over, but I think it will reach

1.000 bales.

Commissioner Harlan: Did the Crossett Railroad Company move any of that cotton?

Mr. Trieschmann: Yes, sir. Commissioner Harlan: You have not mentioned it heretofore in your testimony. What did they move?

Mr. Trieschmann: Well, they moved all of it. The gin is on the

Crossett Railway Company's tracks.

Commissioner Harlan: Where do they move it; to what point? Mr. Trieschmann: Some of the cotton has been moved a distance of ten miles.

Commissioner Harlan: Does the flat cotton reach Crossett over

your line?

Mr. Trieschmann: Yes, sir; some does. Commissioner Harlan: How much?

Mr. Trieschmann: I could not tell you. There has been only a

few carloads this year.

Commissioner Harlan: Do you carry much of the baled or compressed cotton; do you carry much of that, and from where to where?

Mr. Trieschmann: From the gin, which is a half a mile from the

Rock Island tracks.

Commissioner Harlan: You carry the compressed cotton haif a mile?

453 Mr. Trieschmann: Yes, sir: whatever that distance is. Commissioner Harlan: What charge do you make for that service?

Mr. Trieschmann: There is \$3.00 per car charged in a published tariff.

Commissioner Harlan: Is that absorbed by the Rock Island?

Mr. Trieschmann: Yes, sir; by either line that takes it.

Commissioner Harlan: Does any other railroad reach the gin? Mr. Trieschmann: No, sir.

Mr. Gaughan: Is there a physical connection at this point between the Rock Island and the Iron Mountain?

Mr. Trieschmann: There is not.

Mr. Gaughan: How do they get cars from one line to the other? Mr. Trieschmann: The Crossett Railway Company has to do that switching.

Commissioner Harlan: What charge does it make for that service?

Mr. Trieschmann: \$3.00 per car.

Commissioner Harlan: How many cars did you switch last year?

454 Mr. Trieschmann: The records will show: I would not attempt to say, but it was a great number.

Commissioner Harlan: Well, just give us a good, reasonable guess at it.

Mr. Trieschmann: Oh, I should think 50 cars.

Commissioner Harlan: Fifty cars? Mr. Trieschmann: I should think so.

Commissioner Harlan: During the year?

Mr., Trieschmann: I should think so. A great deal of that

switching done-I was not familiar with it at the time.

Mr. Gaughan: You stated the stock of this railway company was held by the same parties who held the stock in the Crossett Lumber Company. Is that stock pooled or held in trust in any way?

Mr. Trieschmann: It is not.

Mr. Gaughan: Are the owners of that stock at liberty to sell it to whomever they please?

Commissioner Harlan: This witness does not know anything

about it.

Mr. Gaughan: I think he does.

Commissioner Harlan: I do not think he does. He does 455 not know any better than anyone here in the room knows.

He says it is not pooled, and any one knows a man who owns stock may sell it and do what he pleases with his dividends.

Mr. Gaughan: I just wanted to show there was no agreement.

Commissioner Harlan: We will not stop on that. Have you any

further questions?

Mr. Cowan: Yes, I have some questions. What is the character of the divisions which you receive; are they evidenced by division sheets with the Rock Island?

Mr. Trieschmann: Yes, sir,

Mr. Cowan: And with the Iron Mountain?

Mr. Trieschmann: Yes.

Mr. Cowan: Where is this town of Crossett in Arkansas, geographically speaking?

Mr. Trieschmann: In the southern part of the state. Mr. Cowan: What line of the Iron Mountain is that? Mr. Trieschmann: On the Iron Mountain proper.

Mr. Cowan: Between what points?

Mr. Trieschmann: It is the end of the line.

Mr. Cowan: Running from where?

Mr. Trieschmann: It is a branch from what they call Montrose.

456 Mr. Cowan: And on what part of the Rock Island is it? Mr. Trieschmann: On the southern extension of the line

that runs from Little Rock south, known as the Crossett branch, Mr. Cowan: Do these division sheets specify what the divisions are

to be in all cases or do they leave it to be determined by some other method dependent upon the destination of the lumber in certain cases?

Mr. Trieschmann: No they specify what they are to be in each

Mr. Cowan: Are the division sheets filed with the Interstate Commerce Commission or filed in this case?

Mr. Trieschmann: That I do not know. I presume so. The Iron Mountain and Rock Island file those.

Mr. Cowan: With respect to the lumber, the only service you perform is from the mill to the railroad?

Mr. Trieschmann: Yes.

Mr. Cowan: Do you know whether the railroad company has any interest in the tracks from your mills to the railroad?

Mr. Trieschmann: They own them.

Mr. Cowan: Which railroad owns them?

Mr. Trieschmann: The Crossett Railway owns them.

Mr. Cowan: Do the Iron Mountain and the Rock Island 457 have any sidings or switches at Crossett?

Mr. Trieschmann: Yes.

Mr. Cowan: Do they have any connection with your lumber yard? Mr Trieschmann: No, sir; excepting over the Crossett Railway Company's tracks.

Mr. Cowan: Is there any obstacle to their building spur tracks to

your lumber yard?

Mr. Trieschmann: Any obstacles?

Mr. Cowan: Yes.

Mr. Trieschmann: The obstacle is, we would not sell them the land to do it; that is all.

Mr. Cowan: But they could condemn that if they wanted to build?

Mr. Trieschmann: Yes.

Mr. Cowan: Why would you not sell them land if they wanted to build out there for your convenience?

Mr. Trieschmann: Well, it is not convenient.

Mr. Cowan: Why would you not sell them the tracks already built? That would be convenient; you would be willing to do that, would you not?

Mr. Trieschmann: If the consideration was proper; yes, sir.
Mr. Cowan: Well, you are not making any money by the operation of the railroad, are you?

Mr. Trieschmann: Yes, sir.

Mr. Cowan: How much were the net earnings on the operation of your railroad?

Mr. Trieschmann: Covering what period?

Mr. Cowan: Well, say, for the year ending June 30th, 1910.

Mr. Trieschmann The statement is on file with the Commission.
Mr. Cowan: Well, I am just asking you how much it was, if you know.

Mr. Trieschmann: Well, I do not know the exact figures.

Mr. Cowan: Has it paid any dividends?

Mr. Trieschmann: They have not.

Mr. Cowan: Does the lumber company pay any dividends?

Mr. Trieschmann: They have.

Mr. Cowan: You said if the Commission should hold that you are not entitled to a division of rates, you would consider the matter of taking up the tracks. How would the lumber company get the logs, if you did that?

Mr. Trieschmann: We are through cutting in the north territory.

Mr. Cowan: You have no use for the railroad for the purpose of getting the logs to the mill?

Mr. Trieschmann: Not after six months from today.

Mr. Cowan: On what ground do you expect to make the rate from Stephens on the lumber, instead of Crossett, if you are not going to cut anything up there?

Mr. Trieschmann: That will have to be changed up.

Mr. Cowan: When you said you were through cutting up there, are you speaking advisedly?

Mr. Trieschmann: Yes, sir.

Mr. Cowan: You have no more timber to bring down that way?

Mr. Trieschmann: No.

Mr. Cowan: So in the event that the Commission should hold you are not entitled to a milling in transit from Stephens, it would not cut any ice, because you are not going to bring anything from there?

Mr. Trieschmann: There would have to be a new charter for a

southern extension.

Mr. Cowan: How long has it been since you brought any logs from Stephens; when did you get through cutting?

Mr. Trieschmann: I did not say your through received the same of the same of

Mr. Trieschmann: I did not say we were through. I say we will be through within six months.

Mr. Cowan: What do you contemplate doing, regardless of what the Commission does, with this road? You have the saw mill there. What are you going to do about getting logs?

Mr. Trieschmann: We are going to log south instead of north.
Mr. Cowan: You say you are going to charter a railroad for that.
Is that the idea, or are you just going to build a logging railroad out from Crossett?

Mr. Trieschmann: The purpose is to make an extension and connect with the main line railroad, which will be an eventual distance

of over 90 miles.

Mr. Cowan: How far will it be from Crossett, when you build this extension?

Mr. Trieschmann: Thirty miles. Not to the first one, but it will be that when we get through.

Mr. Cowan: How long will it be to the first logs you expect to mill?

Mr. Trieschmann: Probably six or eight miles.

Mr. Cowan: Do you contemplate building a logging railroad to that, or a railroad to get a division of the rate?

Mr. Trieschmann: We contemplate making that part of

the main line of the railroad.

Mr. Cowan: You say you have a joint agent at Crossett between the railroad company and the lumber company. He keeps his office in the lumber company's office?

Mr. Trieschmann: Yes, sir.

Mr. Cowan: Just what sort of work does he do? Mr. Trieschmann: The regular railroad work.

Mr. Cowan: Is it loading cars or making out billing, or what?

Mr. Trieschmann: Billing and daily records, demurrage records and claims.

Mr. Cowan: Does he perform that service for the railroad company?

Mr. Trieschmann: He does.

Mr. Cowan: Does he look after the loading of the cars?

Mr. Trieschmann: He does not.

Mr. Cowan: He makes out the billing which accompanies each car that is delivered to the Iron Mountain or to the Rock Island?

Mr. Trieschmann: Yes.

Mr. Cowan: He makes out the way bills and bills of lading?

462 Mr. Trieschmann: Yes. sir.

Mr. Cowan: How many cars do you ship out during a month, say?

Mr. Trieschmann: It varies from 250 to 350, and sometimes 400. Mr. Cowan: Who is it that determines that he is to have \$100 a

month; the railroad company or the lumber company?

Mr. Trieschmann: The railroad company.

Mr. Cowan: What man determines that for the railroad company?

Mr. Trieschmann: I do not know.

Mr. Cowan: Does the railroad company have any officer there who confers with this agent in regard to his duties or who supervises what he does?

Mr. Trieschmann: I don't know. He can confer with any of the

officers if he so chooses.

Mr. Cowan: They are the same officers of the lumber company?

Mr. Trieschmann: Yes.

Mr. Cowan: They do not get any pay from the railroad company?

Mr. Trieschmann: No.

463 Commissioner Harlan: Is this the same man we were talking of a while ago?

Mr. Trieschmann: Yes.

Commissioner Harlan: Is it not a fact the railroad company pays that money over to the lumber company, and the lumber company disburses it to these several clerks?

Mr. Trieschmann: No. I would like to make myself clear there. That was an arrangement with which I am not familiar, and I would like to get the exact status of it, and file it as evidence in this, so there will be no misunderstanding.

Commissioner Harlan: Very well, let that statement be filed, showing what is done now and what has been done for the last

twelve months.

Mr. Cowan: Will you attach a list of the checks you have been giving? The checks will show for themselves whether it is a railroad check or a lumber company check.

Mr. Trieschmann: That will all show.

Commissioner Harlan: You might file copies of the checks.

Mr. Trieschmann: If there are checks.

Mr. Cowan: You pay checks, do you not? Mr. Trieschmann: No, we pay cash altogether. Mr. Cowan: Who does?

464 Mr. Trieschmann: The railroad company. Mr. Cowan: And the lumber company, too? Mr. Trieschmann: Yes.

Mr. Cowan: Is there not any voucher that is signed up?

Mr. Trieschmann: Yes, sir; just a receipt.

Mr. Cowan: Where does he draw his money? Do they take it around to him and deliver it to him, or does he take a voucher of some sort to the office and get his money? You must keep your money somewhere and not lying around loose.

Mr. Trieschmann: We have regular pay days.

Mr. Cowan: The same paymaster? Do you have a paymaster?

Mr. Trieschmann: Yes, sir.

Mr. Cowan: The same paymaster for the railroad as for the lumber company?

Mr. Trieschmann: No.

Mr. Cowan: Two different paymasters?

Mr. Trieschmann: Yes, sir. Mr. Cowan: Who are they?

Mr. Trieschmann: Mr. Cannon is paymaster for the Crossett Rail way Company,

Mr. Cowan: And who for the lumber company?

Mr. Trieschmann: Mr. Hall.

465 Mr. Cowan: Why do you have a joint agent and separate paymasters?

Trieschmann: What do you mean by joint agent?

Mr. Cowan: You said you had a joint agent, the lumber company and the railroad company.

Mr. Trieschmann: The lumber company has no agent.

Mr. Cowan: Well, he is an employee of the lumber company, you said.

Mr. Trieschmann: Well, he is not an agent in the sense that the

railroad has an agent.

Mr. Cowan: Well, the same man, the same individual, that is joint in the sense of his service. He performs service for the railroad company and the lumber company?

Mr. Trieschmann: Yes.

Mr. Cowan: If he can perform service for them, why should not the paymaster be the same?

Mr. Trieschmann: I do not know any reason why, but he is not.

Mr. Cowan: I thought maybe you could give some explanation of it.

Mr. Trieschmann: There is a separate set of books, is the reason.

466 Mr. Cowan: Well, one man might handle the separate sets of books, just as the other man does in the lumber office. Where do you stay at Crossett?

Mr. Trieschmann: Yes.

Mr. Cowan: In the lumber company's office?

Mr. Trieschmann: Yes.

Mr. Cowan: Do you have charge of it? Mr. Trieschmann: No, sir; not exactly. Mr. Cowan: What is your position?

Mr. Trieschmann: Sales manager.

Mr. Cowan: You do not have anything to do with running these offices there?

Mr. Trieschmann: I run my own office.

Mr. Cowan: As sales manager?

Mr. Trieschmann: Yes.

Mr. Cowan: But you do not have anything to do with running the offices of the railroad company or lumber company?

Mr. Trieschmann: No.

Mr. Cowan: You are not posted about a lot of those things and they do not come within your jurisdiction; is not that the case?

Mr. Trieschmann: I can tell you what you want to know, I

466a expect.

Mr. Cowan: I do not know; I have asked several things and you were not able to tell what I wanted to know, and of course if it came under your jurisdiction you would be familiar with it.

Mr. Trieschmann: Yes.

Mr. Cowan: You are the sales agent?

Mr. Trieschmann: Yes.

Mr. Cowan: Do you have anything to do with employing or discharging men who operate the saw mill and the operations at the planing mill, and the like?

Mr. Trieschmann: No; each foreman does that himself.

Mr. Cowan: Do you have charge of the foremen?

Mr. Trieschmann: I do not.

Mr. Cowwan: Do you have charge of the engineers of the rail road company?

Mr. Trieschmann: I do not. Mr. Cowan: Or the sectionmen?

Mr. Trieschmann: I do not.

Mr. Cowan: Or the agent of the railway company?

Mr. Trieschmann: I do not.

Mr. Cowan: Have you examined their books to see what they do?

467 Mr. Trieschmann: Yes.

Mr. Cowan: When? Mr. Trieschmann: Well, in making up our annual reports. I am not the one that keeps the books.

Mr. Cowan: Are you an official of the railroad company?

Mr. Trieschmann: Yes.

Mr. Cowan: What position do you hold there? Mr. Trieschmann: Traffic manager and auditor.

Mr. Cowan: If you are auditor of the railroad company you ought to know exactly about how you pay this man who is the joint agent; whether you pay him in cash or by voucher or by check, or in what manner that is done, you being the auditor.

Mr. Trieschmann: That will show in this record.

Mr. Cowan: That business is all kept in the same offices there and all operated together, is it not, the railroad and the lumber company business?

Mr. Trieschmann: Yes, sir.

Mr. Cowan: If I were to go in there, I would not know who was the railroad man and who was the lumber man?

Mr. Trieschmann: Not unless you asked. Mr. Cowan: Could I find out then?

468 Mr. Trieschmann: Yes.

Mr. Cowan: Take this man who represents both the railroad company and lumber company, how could I find out who he was? I would have to ask him, would I not?

Mr. Trieschmann: You could ask anybody.
Mr. Cowan: They would tell me he was operating for both. Commissioner Harlan: Judge Cowan, I think we had better leave

that man just where he is and pass to some one else.

Mr. Cowan: With regard to that competing store which you said was at Stephens. I believe you said your company was not interested in the store at all.

Mr. Trieschmann: I said that.

Mr. Cowan: Neither the railroad company nor the lumber company?

Mr. Trieschmann: That is right.

Mr. Cowan: And they haul merchandise in there over your line of railroad that moves on through rates to Stephens?

Mr. Trieschmann: How is that?

Mr. Cowan: I think you said they moved some merchandise

which comes in on through rates.

Mr. Trieschmann: There are through rates published. I do not know how they order it; whether they order it on locals 469 or on the through rates, but through rates are published.

Mr. Cowan: To Stephens? Mr. Trieschmann: To Stephens.

Mr. Cowan: You have not a copy of that tariff here? Mr. Trieschmann: It is on file with the Commission.

Mr. Cowan: Is there a higher rate to Stephens than to Crossett?

Mr. Trieschmann: There is not, not on the through rate?

Mr. Cowan: If it stops at Crossett and is moved out to your store. a similar shipment, I will say, from Memphis is billed to Crossett and goes out to the company's store at Crossett-I believe the company's store is there?

Mr. Trieschmann: Yes, sir; the company's store is at Crossett. Mr. Cowan: It moves out over the tracks of this railroad company you are auditor of?

Mr. Trieschmann: To Crossett; no, sir,

Mr. Cowan: Where do you get your merchandise shipments which are consigned to the lumber company's store?

Mr. Trieschmann: Get it right at Crossett.

Mr. Cowan: What is Crossett, is it on your track or on the Rock Island?

470 Mr. Trieschmann: It is on the track of the Rock Island and the Iron Mountain.

Mr. Cowan: So a carload shipment would not be switched over onto your track, would it?

Mr. Trieschmann: It would from the Rock Island.

Mr. Cowan: Do you get any division on the merchandise which would be consigned to your company at Crossett?

Mr. Trieschmann: Yes, sir, providing it was billed over the Cros-

sett Railway Company on that through rate.

Mr. Cowan: As a matter of fact, do you get a division of the rate on merchandise and other supplies that come in, consigned to the Crossett Lumber Company?

Commissioner Harlan: I think this witness has been over that

ground,

Mr. Cowan: About the inbound,

Commissioner Harlan: Yes. Mr. Burchmore covered all that

point.

Mr. Cowan: Well, I did not hear it. I made a note of it, and thought I was noticing it. It will not take but a moment about that, for fear it is not in.

Commissioner Harlan: Just a moment.

Mr. Cowan: All this carload merchandise comes to you on a division of the rates?

471 Mr. Trieschmann: Not all of it, no.
Mr. Cowan: What part does not?

Mr. Trieschmann: Well, the tariffs show as to which railroad we are a party to the through rate.

Mr. Cowan: The tariffs would not show what moved to your rail-

road.

Commissioner Harlan: The witness said all merchandise of a general nature that came in on joint rates yielded a division to his road, but he did not know the extent of the merchandise that came in on joint rates.

Mr. Trieschmann: It is not necessary to ship it that way.

Mr. Cowan: When a carload goes to Stephens, if such a thing ever happens, would you get the same division of the rate as you would in a carload consigned to your company on your own tracks at Crossett?

Mr. Trieschmann: Yes, sir.

Mr. Cowan: So that the additional service of hauling up there receives no different compensation than what it would on your tracks at Crossett; there is no additional rate up there?

Mr. Trieschmann: No additional rate.

Mr. Cowan: Have you any contract with the Rock Island as to the amount of your tonnage that you will deliver to them?

Mr. Trieschmann: Yes, sir.

Mr. Cowan: How much is that? Mr. Trieschmann: Fifty per cent.

Mr. Cowan: Who made that contract: I mean, acting for your company?

Mr. Trieschmann: I am not sure about that, Mr. Cowan: Did the lumber company make it?

Mr. Trieschmann: I do not know who made that contract; it was made before I had any connection with the railroad company.

Mr. Cowan: Is that contract, according to your understanding, on

file?

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Mr. Trieschmann: It is on file with the Commission.
Mr. Gaughan: He was questioned about it a while ago.

Examiner Burchmore: A copy of it filed with the Commission was entered into in 1906 by the Rock Island System while it was called the Rock Island, Louisiana & Arkansas, that is the name of that particular part of the system. The Crossett Railway Company is the party of the second part and the lumber company the party of the third part. It provides that 50 per cent shall be over

the Rock Island, and the division shall be so much in cents

per 100 pounds.

Mr. Cowan: Is there any contract between the Crossett Lumber Company and the railroad company that the Crossett Lumber Company will deliver its lumber to the Crossett Railroad Company, or whatever the name of this company is?

Mr. Trieschmann: No contract.

Mr. Cowan: You do not know how the Crossett Railroad Company could become assured that it could deliver that amount of tonnage to the Rock Island?

(No response.)

Mr. Cowan: Where is the location of the planer with respect to the tracks of the Rock Island and the Iron Mountain, is it closer than the saw mill?

Mr. Trieschmann: The saw mill is probably closer to the Rock

Island, and the planing mill closer to the Iron Mountain.

Mr. Cowan: What amount of territory is used in stacking lumber between these two roads?

Mr. Trieschmann: Anywhere from 20 to 40 acres, 1 should think.
Mr. Cowan: How far from the Rock Island Railroad is the nearest
part of your lumber yard, where your lumber is stacked?

Mr. Trieschmann: It must be close to half a mile; between

a quarter and a half.

Mr. Cowan: How far is the closest part of your lumber yard to the Iron Mountain?

Mr. Trieschmann: It must be about half a quarter.

Mr. Cowan: Practically almost right on the track? Half a quarter is 200 yards.

Commissioner Harlan: Well, he said 300.

Mr. Trieschmann: Yes, between 200 and 300 yards.

Mr. Cowan: You say the American Timber Company has made an investment of a million dollars in timber. Is that in the direction you contemplate extending this railroad?

Mr. Trieschmann: Yes. sir.

Commissioner Harlan: That is to the north?

Mr.-Trieschmann: That is right north of our tracks.

Mr. Cowan: You also said you had made a survey in that direction.

Mr. Trieschmann: Yes, sir.

Mr. Cowan: What interest has the American Timber Company in the matter of the extension of this railroad into its timber?

475 Mr. Trieschmann: None whatever.

Mr. Cowan: Are the owners of the Crossett Lumber Company interested in the American Timber Company?

Mr. Trieschmann: None whatever.

Mr. Cowan: In regard to the matter of demurrage, does the Crossett Railroad Company charge the lumber company anything for demurrage?

Mr. Trieschmann: I think not.

Mr. Cowan: How much per diem does the Crossett Railroad Company have on the cars it receives from the Iron Mountain or Rock Island?

Mr. Trieschmann: Forty-eight hours,

Mr. Cowan: Then you have to pay what? Mr. Trieschmann: One dollar per day.

Mr. Cowan: Do you mean the Crossett Railway Company has to pay one dollar a day?

Mr. Trieschmann: Yes, sir.

Mr. Cowan: You are certain about that, as I understand?

Mr. Trieschmann: I think I am.

Mr. Cowan: Now, you were asked in regard to the rental of those cars. It seems, from the information at hand, that there is some agreement whereby the Crossett Railway Company pays the Crossett Lumber Company \$2,500 a month for the lease of

some cars. Do you know anything about that?

Mr. Trieschmann: There is a lease, but I do not think that \$2,500 per month covers the lease of the cars.

Mr. Cowan: Is there some other contract than the \$2,500 con-

tract?

Mr. Trieschmann: There is a contract on file covering that lease, I think. That has been a lease of long standing.

Mr. Cowan: If you are the auditor of the railroad company you ought to be familiar with the books showing what the rental is.

Mr. Trieschmann: That is all on file with the Commission.

Mr. Cowan: But you ought to have it up here in your head, if you are the auditor of the company, it seems like you ought to know something about what the amounts of the lease is, your railroad company is paying to the lumber company, and what it is for.

Examiner Burchmore: Have you a copy of your report here? Mr. Trieschmann: There is one in my room at the hotel.

Mr. Gaughan: State what the lease is, as near as you remember.
Mr. Trieschmann: The lease for the year, as near as I remember, is \$22,500.

Commissioner Harlan: That covers a rental for the cars, and nothing else?

Mr. Trieschmann: Yes, sir.

Commissioner Harlan: Who repairs those cars?

Mr. Trieschmann: The Crossett Lumber Company.

Mr. Gaughan: Does it renew them?

Mr. Trieschmann: They keep them renewed; they have to replace them as they are worn out.

Commissioner Harlan: What is the cost of a logging car?

Mr. Trieschmann: There are different costs: I should judge from \$300 to \$700 a car.

Commissioner Harlan: Have any been bought since you have

been connected with the lumber company?

Mr. Trieschmann: I think not; that is, not complete. We usually buy a portion of a car and make part of it, and just what the total cost of the car is, I would not know until I looked up the figures.

Commissioner Harlan: You would not say it would cost as much

as \$700?

Mr. Trieschmann: Not for a logging car.

478 Commissioner Harlan: Well, the kind you use: would \$300 be a good price for it?

Mr. Trieschmann: I should judge from \$300 to \$400 a car.

Commissioner Harlan: And this \$22,500 is for how many cars?

Mr. Trieschmann: Eighty cars,

Commissioner Harlan: How much a car is that?

Mr. Trieschmann: Well, it would be a little over \$250 a car.

Commissioner Harlan: Per year?

Mr. Trieschmann: Yes, sir.

Commissioner Harlan: And that goes on year after year?

Mr. Trieschmann: Yes, sir. Commissioner Harlan: The railroad company has not paid any dividends?

Mr. Trieschmann: No. sir.

Mr. Cowan: Does the lumber company carry those cars on its books as an investment, capital account?

Mr. Trieschmann: Yes, sir.

Mr. Cowan: What does it carry those cars at on its books, do you know?

Mr. Trieschmann: They are not kept separate, it is a part of other

equipment.

Mr. Cowan: You spoke about the logs being milled and 479 put into lumber there, and I understood in 48 hours; I probably misunderstood you. Sometimes it might go as long as a month, I think you said.

Mr. Trieschmann: There were two questions covering that.

Mr. Cowan: I know, and referring your mind to them, I want to ask you if you do not unload your logs into a pond, as is usual with saw mills?

Mr. Trieschmann: Yes, sir.

Mr. Cowan: What is the capacity of this pond? How many do you put in it?

Mr. Trieschmann: It varies all the way from 100,000 feet to one or two million feet.

Mr. Cowan: So as to the identity of the logs, you do not know how long they may be in there before they are milled out?

Mr. Trieschmann: No.

Mr. Cowan: There is no attempt to mill logs out, with respect to the dates they are put in the pond?

Mr. Trieschmann: No.

Mr. Cowan: Do you put them in on the same side or the 480 opposite side from where they are taken out and go up to the saw?

Mr. Trieschmann: The same side.

Mr. Cowan: When your logs are sawed, of course the timber is green and wet and has to be put through the process of drying in some fashion. How long does it take that lumber to get in condition to be put through the planer, in case it is sold?

Mr. Trieschmann: About three days.

Mr. Cowan: That is all.

Mr. Coleman: Do you know that the Act to Regulate Commerce, as amended in 1910, provides or makes it unlawful for a railroad agent to give information to a rival shipper of the business of another shipper?

Mr. Trieschmann: I am not familiar with any such law.

Mr. Coleman: Well, if I tell you that that is the law, can you explain how that joint agent at Crossett can receive information as agent of the railroad company and not give it to himself as agent of the lumber company?

Mr. Trieschmann: How is that?

Commissioner Harlan: Well, the difficulty of that is obvious. We will not go into that,

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Mr. Coleman: That is all. Mr. Cowan: You are sales agent. What duties do you Do you stay there at Crossett all the while, or go elsewhere?

Mr. Trieschmann: I stay there most of the time: I go elsewhere also.

Mr. Cowan: Where do you make sales of your lumber; where does it go to?

Mr. Trieschmann: To about 25 different states in the Union.

Mr. Cowan: Do you sell down in Texas?

Mr. Trieschmann: Occasionally.

Mr. Cowan: Oklahoma? Mr. Trieschmann: Some.

Mr. Cowan: Do you go up there to Oklahoma City, for example?

Mr. Trieschmann: I have never been there. Mr. Cowan: Do you sell at Kansas City?

Mr. Trieschmann: Sometimes.

Mr. Cowan: Omaha?

Mr. Trieschmann: Yes, sir. Mr. Cowan: Denver? 482 Mr. Trieschmann: Yes.

Mr. Cowan: Do you go up there?

Mr. Trieschmann: I go to some of those places.

Mr Cowan: Do you sell railroad lumber supplies to railroad companies?

Mr. Trieschmann: Yes.

Mr. Cowan: Do you sell at Chicago? Mr. Trieschmann: Occasionally.

Mr. Cowan: St. Louis? Mr. Trieschmann: Yes.

Mr. Cowan: Do you go to those places for the purpose of making contracts for sales?

Mr. Trieschmann: Sometimes.

Mr. Cowan: Where is your chief sale for the lumber you produce down there?

Mr. Trieschmann: The Central States of the United States.

Mr. Cowan: I do not know hardly—you mean up the Mississippi and Ohio Valley and this country north, and the Missiouri Valley?

Mr. Trieschmann: That is what I mean.

Mr. Cowan: As auditor of the railroad company you receive passes, do you not, from the Iron Mountain?

483 Mr. Trieschmann: Yes.

Mr. Cowan: The Rock Island?

Mr. Trieschmann: Yes.

Mr. Cowan: Any other officers of your railroad company receive passes?

Mr. Trieschmann: I think there is one other.

Mr. Cowan: Who is he?

Mr. Trieschmann: The vice-president.

Mr. Cowan: What is his position with the lumber company?

Mr. Trieschmann: Manager.

Mr. Cowan: Does he make sales also?

Mr. Trieschmann: Sometimes. Very seldom.

Mr. Cowan: When you make sales to railroad companies, large institutions, you go there oftentimes to make the contract, do you not?

Mr. Trieschmann: Very seldom. We have traveling men for

that purpose.

Mr. Cowan: When you are traveling for the lumber company, making sales, you use your passes that you get from the railroad company on account of being the auditor of the Crossett Railway Company, do you not?

Mr. Trieschmann: Well, that is soliciting business for the

484 Crossett Railway Company. Mr. Cowan: How is that?

Mr. Trieschmann: That would be soliciting business for the Crossett Railway Company.

Mr. Cowan: To pay it out on lease of logging cars?

(No response.)

Mr. Cowan: The Crossett Railway Company is not making any money, as I understand?

Mr. Trieschmann: Yes, sir, they are.

Mr. Cowan: You said they never paid a dividend. Mr. Trieschmann: Well, they have a big surplus.

Commissioner Harlan: Tell us about the surplus. What is the amount of it? I was going to inquire.

Mr. Trieschmann: Well, I would prefer to file a statement, in this report, showing the surplus.

Commissioner Harlan: Never mind the exact statement. You can

do that later. Tell us now about what the surplus is.

Mr. Trieschmann: I think it must be \$10,000 or \$12,000—no. it is about \$30,000, I think.

Commissioner Harlan: How long has it taken to accumulate that amount?

Mr. Trieschmann: Since 1905.

485 Commissioner Harlan: Pursuing Judge Cowan's question about the free transportation, have you passes on any other than the Rock Island and Iron Mountain?

Mr. Trieschmann: Yes, sir.

Commissioner Harlan: On what roads?

Mr. Trieschmann: I do not know that I can recall the exact roads.

Commissioner Harlan: About how many such passes have you?

Mr. Trieschmann: I think about six or seven.

Commissioner Harlan: And the vice-president also has that many? Mr. Trieschmann: I am not sure about that; I think he has. Commissioner Harlan: Have your assistant salesmen any passes? Mr. Trieschmann: No, sir.

Examiner Burchmore: The line north of Stephens now operated by the Crossett Railway Company is still owned by the lumber company?

Mr. Trieschmann: Yes.

Examiner Burchmore: It is leased to the Crossett Railway Company?

486 Mr. Trieschmann: Yes.

Examiner Burchmore: Can you state the terms of that lease with respect to the consideration?

Mr. Trieschmann: I think it is about \$400 per month, in round

gures.

Commissioner Harlan: That is for the whole ten miles?

Examiner Burchmore: Per mile?

Mr. Trieschmann: That is just the total.

Examiner Burchmore: For how many miles?

Mr. Trieschmann: The full distance. Examiner Burchmore: Ten miles?

Mr. Trieschmann: No, eight miles. That is also on file.

Examiner Burchmore: What was the cost of construction of that road per mile, in a general way; do you know?

Mr. Trieschmann: Not without referring to the records, no, sir. Commissioner Harlan: Do you mean you cannot tell in a general way about what it cost?

Mr. Trieschmann: Well, I should judge \$5,000 or \$6,00 per

mile.

Examiner Burchmore: Was not the first contract entered into in the summer of 1909?

487 Mr. Trieschmann: For the four miles?

Examiner Burchmore: For the first four miles.

Mr. Trieschmann: Yes.

Examiner Burchmore: Was not the consideration for that four miles \$5,000 a year?

Mr. Trieschmann: I would have to look at the records for that.

Commissioner Harlan: Would you be kind enough to get your annual report?

Mr. Trieschmann: Yes, sir.

Examiner Burchmore: Does your lumber company sell any lumber in the State of Arkansas?

Mr. Trieschmann: It does.

Examiner Burchmore: Does it sell any in the State of Louisiana?

Mr. Trieschmann: Yes, sir.

Examiner Burchmore: You said it did in Texas. What division is received on joint rates on shipments to points in Arkansas, Louisiana and Texas?

Mr. Trieschmann: \$3.00 per car.

Examiner Burchmore: You receive no divisions in cents per hundred pounds?

488 Mr. Trieschmann: No.

Examiner Burchmore: Is there any explanation for that?

Mr. Trieschmann: Other than that we could not make arrangements.

Examiner Burchmore: The trunk lines declined to give you any divisions in cents per 100 pounds?

Mr. Trieschmann: Yes, sir.

Examiner Burchmore: And you have no milling in transit arrangements to those states?

Mr. Trieschmann: No.

Examiner Burchmore: But simply a switching charge which is absorbed?

Mr. Trieschmann: Yes.

Commissioner Harlan: Get your annual report and then come back.

Mr. Cowan: I have one question now. You do not know what it costs you per car to perform that service with the engine of moving the lumber from the place where it is loaded and delivering it to the exchange track, to the Rock Island or Iron Mountain?

Mr. Trieschmann: No, sir, I could not give you that.

Commissioner Harlan: You have no other witness?

Mr. Gaughan: I have no other witness, but I want to ask
Mr. Trieschmann another question. What is the population
of Crossett?

Mr. Trieschmann: Just about 2,500.

Mr. Gaughan: What kind of a town is it? Mr. Trieschmann: It is a first class little village.

Mr. Gaughan: It has got schools there? Mr. Trieschmann: Fine schools; yes, sir.

Mr. Gaughan: A public library?

Mr. Trieschmann: A public library and a public hall, and seven or eight churches.

Commissioner Harlan: Does it not come within the class of communities which are ordinarily referred to as company towns?

Mr. Trieschmann: Yes, I think it would come under that class. Commissioner Harlan: You have no other witnes?

Mr. Gaughan: No.

(At 5:20 P. M., at the adjournment of the day's hearing, Mr. Trieschmann reappeared and announced that he desired to make a further statement.)

190 Commissioner Harlan: Mr. Trieschmann, do you wish to make any statement in regard to something you have said

heretofore in regard to your testimony?

Mr. Trieschmann: In regard to that \$100 a month, I will just refer to our annual report. That is handled as a journal entry in the lumber company's books and also in the railroad company's books, which shows how it is disbursed.

Commissioner Harlan: Then you substitute your annual report

in that regard for the explanation you have heretofore given?

Mr. Trieschmann: Yes, sir. Commissioner Harlan: You said something a moment ago about a plan for disposing of your line to some other carrier.

Mr. Trieschmann: Yes, sir.

Commissioner Harlan: What is that?

Mr. Trieschmann: We have a definite proposition from a trunk line today to buy the Crossett line 20 miles north, running from Crossett north, and if purchased, that trunk line will complete the line to Wilmar that we have had in contemplation, and a proposed

line from Wilmar north to Pine Bluff.

Examiner Burchmore: What trunk line do you refer to? 491 Mr. Trieschmann: The Arkansas, Louisiana & Gulf. The president, vice-president and stockholders were at our place only last week and were trying to buy the road. We are awaiting a decision from the Commission. If that road cannot be legally operated by this present ownership then we must sell it, but if it can be, we want to run it north.

Commissioner Harlan: If you run it north, it will be in connection with another spur line called the Wilmar & Saline River?

Mr. Trieschmann: Yes, sir. We will buy that and make a permanent line from Wilmar to Crossett.

Commissioner Harlan: You will have to build how many miles in

order to join that road?

Mr. Trieschmann: Two or three miles. That taps all that new timber.

Commissioner Harlan: The next road is the Doniphan, Kensett & Searcy. Is that road present by a representative? Counsel responded this morning for the Doniphan, Kensett & Searcy, and I would like to know if there is anyone here representing that 492

road, the attorney or official or agent of that company.

(No response.)

Commissioner Harlan: The record will show that that road was called.

(At this point Mr. Scott appeared.)

Commissioner Harlan: Have you any witness?

Mr. Scott: No, sir. I wish to make an inquiry. As I understand the situation, the Commission has had its examiners on our property a number of times and in our offices, and has obtained detailed information from us. They have made independent inquiry and have gotten full information as to our property and our method of doing business, and I suppose they have reported the result of those examinations to the Commission, and that the reports are on file. I assume that those reports, together with the reports my companies have made in obedience to the law and to the requirements of the Commission will be taken as a part of the record in this case and would be considered in the final determination of it. Now, if I am correct in that, after conference with my people, that we will be willing to submit the matter to the Commission, provided it is understood, of course, that we suffer no prejudice by reason of

the fact that we have not filed here any petition, complaint, pleading or other paper, and that we introduce no other

evidence.

Commissioner Harlan: Am I to understand that you renounce the right to present your case?

Mr. Scott: No, sir; we do not renounce the right to present our

case

Commissioner Harlan: Now is the time to present it unless you do. If your people are here, I would like them to rise and be sworn,

Mr. Scott: My client will not be here until tomorrow. I thought I might stop him on the way, if the record could be made up in the way I have suggested. We have entered our appearance here, and are here in open court protesting against the cancellation of the through rates and cutting off of our divisions. I think we may be satisfied with the record as made up from those reports.

Commissioner Harlan: If you represent that road as counsel, it is for you to say what your case will be, and if you are satisfied to let your case stand upon such presentation of it as you have now

suggested, it is for you to say.

Mr. Scott: Did I understand your Honor that in passing upon our case you would take up those reports already on file?

Commissioner Harlan: I do not know what the Commission will do. The Commission usually fully advises itself from all the information available, but the Commission expected your road, among others, to make its representation at this time.

Mr. Scott: I will ask your Honor to adjourn it until tomorrow,

then, as I cannot take it up at this time.

Commissioner Harlan: Well, I see no objection to that. Your case will be called again tomorrow.

Is the Arkansas & Southeastern before the Commission?

Mr. H. L. Fitzhugh: Yes, your Honor.

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Central Railway of Arkansas.

C. W. Jones was called as a witness, and having been duly sworn, testified as follows:

Commissioner Harlan: Where do you reside?

Mr. Jones: Fort Smith, Arkansas.

Commissioner Harlan: What is your business?

Mr. Jones: I am secretary, treasurer and general manager of the Central Railway Company of Arkansas.

Commissioner Harlan: What are the termini of that road?

Mr. Jones: Ola, on the Rock Island.

Commissioner Harlan: And what is the other end of it?

Mr. Jones: It is at Brizi, Arkansas.

Commissioner Harlan: Is that a fixed point or a movable point?

Mr. Jones: It is a fixed point.

Commissioner Harlan: What is the mileage between those points?

Mr. Jones: 13.13 miles.

Commissioner Harlan: What is the character of the rail on that road?

Mr. Jones: 60 pound steel.

496 Commissioner Harlan: When was it built?

Mr. Jones: 1906 and 1907. Commissioner Harlan: You mean the whole road was built at that time, or-

Mr. Jones: It was commenced in 1906 and completed in 1907.

Commissioner Harlan: By whom was the road built?

Mr. Jones: By the Central Railway Company of Arkansas. Commissioner Harlan: What is the capital of that company?

Mr. Jones: The authorized capital is \$2,600,000. Commissioner Harlan: And the issued capital?

Mr. Jones: \$260,000.

Commissioner Harlan: Was that capital issued for cash?

Mr. Jones: The capital stock?

Commissioner Harlan: The capital that is already issued, \$260,-000, was it issued for cash?

Mr. Jones: I do not understand: I do not get that idea.

Commissioner Harlan: Well, you say that capital was issued. Now, was it-

Mr. Jones: No, not all cash.

Commissioner Harlan: Just explain how much was cash. Mr. Jones: I think there were about \$200 a mile issued.

Commissioner Harlan: \$200 a mile for 13 miles?

Mr. Jones: Something like that-no, \$2,000. 497

Commissioner Harlan: \$2,000?

Mr. Jones: Yes.

Commissioner Harlan: And what property was acquired by the railway company to represent the balance of the issued capital?

Mr. Jones: The right of way, rails, equipment, depots, and so forth.

Commissioner Harlan: How much did that railroad cost?

Mr Jones: It has cost \$260,000.

Commissioner Harlan: How much a mile is that?

Mr. Jones: It is a little over \$19,000.

Commissioner Harlan: Did that cost include the equipment?

Mr. Jones: The equipment; yes, sir. Commissioner Harlan: What is the equipment?

Mr. Jones: The equipment consists of five locomotives, 16 flat cars, three box cars, and a passenger coach.

Commissioner Harlan: One passenger coach?

Mr. Jones: One passenger coach.

Commissioner Harlan: And a mail car, mail and express car? Mr. Jones: That is a combination passenger, mail and baggage

Commissioner Harlan: Any bridges on the line? Mr. Jones: There are a number of pile bridges.

Commissioner Harlan: Any grades? Mr. Jones: The grade is about 1.3, I think. Commissioner Harlan: Any cuts or fills?

Mr. Jones: Yes, sir.

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Commissioner Harlan: What is the general character of the country?

Mr. Jones: It is mountainous, rocky and hilly.

Commissioner Harlan: Who are the officers of this road?

Mr. Jones: Mr. L. L. Siboll, is president; A. F. Coughton, vice-president, and C. W. Jones, secretary and treasurer.

Commissioner Harlan: Where is your general office?

Mr. Jones: They incorporated in Fort Smith, but their business office is at Plainview, Arkansas.

Commissioner Harlan: Incorporated under the general railroad law of Arkansas?

Mr. Jones: Yes.

Commissioner Harlan: How many clerks have you in your general office?

Mr. Jones: There are two at Plainview.

Commissioner Harlan: Is that all at Plainview?

Mr. Jones: Those are all the clerks there. That is, the 499 station agent and his assistant.

Commissioner Harlan: How many crews have you?

Mr. Jones: Three.

Commissioner Harlan: How many men?

Mr. Jones: We average about some 27 to 30 men, including the section men.

Commissioner Harlan: Are you connected with any lumber company?

Mr. Jones: With the Fort Smith Lumber Company.

Commissioner Harlan: What is your relation to that company? Mr. Jones: Secretary and treasurer and general manager.

Commissioner Harlan: Stockholder?

Mr. Jones: Yes, sir.

Commissioner Harlan: Are the other officers of the railroad company connected with that company?

Mr. Jones: Yes, sir.

Commissioner Harlan: What is their position in your lumber company?

Mr. Jones: They are the same.

Commissioner Harlan: They use the same title?

Mr. Jones: Yes, sir.

Commissioner Harlan: How many stockholders has the 500 railroad company?

Mr. Jones: Ten.

Commissioner Harlan: Are they also the stockholders of the lumber company?

Mr. Jones: Part of them are; there are three, I believe, that are

not stockholders of the lumber company.

Commmissioner Harlan: But the road is substantially owned, I assume, by the stockholders of the lumber company?

Mr. Jones: Yes, sir.

Commissioner Harlan: It is practically the same investment; the

same interest?

Mr. Jones: Yes, sir. The lumber company furnished the railroad company with the money to build the road; they are prac-

tically the same.

Commissioner Harlan: Just how was that done? You say the lumber company furnished the railroad company the money to build the road. The railroad company has stockholders. Did they furnish the money, or did it come directly from the lumber com-

Mr. Jones: Most of it from the lumber company.

Commissioner Harlan: Paid over to the railroad company, and the railroad stock was issued to the lumber company?

501 Mr. Jones: Yes.

Commissioner Harlan: And afterwards transferred to the stockholders of the railroad company?

Mr. Jones: Yes.

Commissioner Harlan: So that practically the entire cost of the railroad company and equipment was furnished by the lumber company?

Mr. Jones: Yes.

Commissioner Harlan: And the railroad company is now practically owned by the lumber company?
Mr. Jones: Yes, sir.

Commissioner Harlan: Where is the mill of the lumber company?

Mr. Jones: Seven miles southwest of the junction with the Rock

Island at Ola; at Plainview.

Commissioner Harlan: Where is it with respect to your line?

Mr. Jones: The mill?

Commissioner Harlan: Yes.

Mr. Jones: The mill is located on the Central Railway of Arkan-888.

Commissioner Harlan: How far is it from your mill to the 502 Rock Island main line?

Mr. Jones: Seven miles.

Commissioner Harlan: What other line does your railroad company join?

Mr. Jones: None.

Commissioner Harlan: Then your railroad has seven miles of track over which the manufactured lumber is carried?

Mr. Jones: Yes.

Commissioner Harlan: And six miles over which the logs are carried?

Mr. Jones: Yes.

Commissioner Harlan: What acreage does the lumber company own?

Mr. Jones: They have in the neighborhood of 60,000 acres of fine timber, uncut.

Commissioner Harlan: How near is the present logging operation to the mill?

Mr. Jones: It is about seven miles. Commissioner Harlan: Seven miles? Mr. Jones: Ten miles to the mill.

Commissioner Harlan: And six miles of that distance is covered

by your track?

Mr. Jones: The lumber company have a spur track——Commissioner Harlan: I know that, but six miles of that ten miles is covered by the tracks of the railroad company—or perhaps you had better explain how that is.

Mr. Jones: The spur of the lumber company is four miles from the main line at present. Of course that moves as we cut the tim-

ber.

Commissioner Harlan: Where does the spur line leave the railroad company's track, at the mill?

Mr. Jones: No, sir; it is four miles southeast from the the mill. Commissioner Harlan: Does the track of the Central Railway Company run on the edge of the timber lands owned by the lumber company or through them?

Mr. Jones: The track of the Central Railway of Arkansas runs

on the edge of the timber holdings at the present time.

Commissioner Harlan: And the spur track runs down in the forest?

Mr. Jones: Runs into the timber; yes, sir.

Commissioner Harlan: What is the direction according to the compass from the mill to the end of the Central Railway's track?

Mr. Jones: It is southeast.

Commissioner Harlan: Then to the north and east of the Central Railway's tracks there is no timber land owned by the lumber company?

Mr. Jones: North of the Central's tracks?

Commissioner Harlan: Yes.

Mr. Jones: Yes, sir.

Commissioner Harlan: In which direction does the spur track run?

Mr. Jones: It runs east from the Central's tracks.

Commissioner Harlan: Are there any other lumber operations around there?

Mr. Jones: There are three mills located on the line, and there are five or six other mills in the vicinity that ship over the railroad.

Commissioner Harlan: Have you a map of your line?

Mr. Jones: 1 have a map of the line. (Producing blue print.) Commissioner Harlan: You have been kind enough to show us a map of your road. I understand that it joins the Rock Island at a place called Ola.

Mr. Jones: Yes, sir.

Commissioner Harlan: And then proceeds in a southwesterly direction?

505 Mr. Jones: Yes, sir.

Commissioner Harlan: For about how far?

Mr. Jones: Seven miles, to Plainview.

Commissioner Harlan: And apparently passes around the edge of a mountain?

Mr. Jones: The point of a mountain.

Commissioner Harlan: At that point, as I infer from this map, the lumber lands are owned by the Fort Smith Lumber Company?

Mr. Jones: Yes, sir.

Commissioner Harlan: Then your line swinging around to the south of the mountain, goes for some seven miles to its present terminus?

Mr. Jones: Yes.

Commissioner Harlan: And it makes a loop?

Mr. Jones: Yes.

Commissioner Harlan: And inside of that loop lies this mountain land on which your timber is?

Mr. Jones: Yes.

Commissioner Harlan: And your timber lands extend how far east from the apex of the loop?

Mr. Jones: About 24 miles.

Commissioner Harlan: Then your logging road runs to the north?

Mr. Jones: Well, north and east, or northeast, rather.

Commissioner Harlan: North and east from the south side of this loop?

Mr. Jones: Yes.

Com, issioner Harlan: And it runs into timber lands that are owned by the Fort Smith Lumber Company exclusively?

Mr. Jones: Yes, sir; that spur line does.

Commissioner Harlan: Now, is there any lumber south of the south side of the loop of your railroad?

Mr. Jones: Yes, sir.

Commissioner Harlan: Does that belong to the Fort Smith Lumber Company?

Mr. Jones: No.

Commissioner Harlan: To whom does that belong?

Mr. Jones: There is one tract that is south of the Fourche River that is held by the Choctaw Investment Company.

Commissioner Harlan: Where is their mill?

Mr. Jones: They have no mill. That is the land south. Commissioner Harlan: They are not operating their land?

Mr. Jones: No.

Commissioner Harlan: Are there any mills on your railroad except your own mill?

507 Mr. Jones: Yes, sir.

Commissioner Harlan: What mills are on that line, and

where are they?

Mr. Jones: There is one about a mile and a half east of Plainview, and one about three miles east of Plainview. One is owned by J. J. Ford and the other by J. W. Berry.

Commissioner Harlan: Are they on the southern loop of your

line or the northern?

Mr. Jones: The southern.

Commissioner Harlan: Are they directly on your line? Mr. Jones: Yes, sir, they have sidings to both of them. Commissioner Harlan: What lumber are they using?

Mr. Jones: They are cutting oak and pine. Commissioner Harlan: From whose land?

Mr. Jones: From their own lands, or from timber which they purchased.

Commissioner Harlan: Is that south of the south line of your land?

Mr. Jones: Yes, sir; south.

Commissioner Harlan: Have they any logging roads?

Mr. Jones: No.

508 Commissioner Harlan: How far from their mill are their logging operations at the present?

Mr. Jones: I presume from a mile to a mile and a half.

Commissioner Harlan: How do they get the logs to the mill?

Mr. Jones: They are hauled by wagons.

Commissioner Harlan: How large is their operation?

Mr. Jones: One of them is about 6,000 per day and the other about 10,000 capacity.

Commissioner Harlan: Do you mean in manufactured lumber,

10.000 feet?

Mr. Jones: Yes, sir: that is, oak lumber principally. Commissioner Harlan: What is your total tonnage?

Mr. Jones: For what period?

Commissioner Harlan: Well, for the last fiscal year.
Mr. Jones: Including the logs into the mill and—

Commissioner Harlan: The total tonnage hauled by the railroad company.

Mr. Jones: And not by the logging road?

Commissioner Harlan: Not by the logging road.

Mr. Jones: We had about 35,000 tons total. Commissioner Harlan: During the year?

Mr. Jones: During the year.

Commissioner Harlan: You do not operate the logging roads, do you, your railroad company?

Mr. Jones: The railroad company operates the road, and that

Commissioner Harlan: You did not quite catch that point. Does the lumber company operate the logging roads?

Mr. Jones: The logging roads? Commissioner Harlan: Yes.

Mr. Jones: The lumber company builds the logging roads, and the railroad company sends their engines there and uses their equipment.

Commissioner Harlan: The lumber company has no equipment?

Mr. Jones: No.

Commissioner Harlan: Including the traffic on the logging road, what is your total tonnage, or what was it last year?

Mr. Jones: It runs something like 75,000 tons.

Commissioner Harlan: What proportion of that was lumber, logs owned by the Fort Smith Lumber Company?

Mr. Jones: About 19,000 tons—that was lumber.

Commissioner Harlan: Let us get that right. Are you making a distinction between logs and lumber?

Mr. Jones: Yes, sir.

510 Commissioner Harlan: I want your total tonnage of everything, logs, lumber and general merchandise and farming products and everything else. What was it last year?

Mr. Jones: About 75,000 tons.

Commissioner Harlan: Now, what portion of that consisted of logs and lumber for all persons?

Mr. Jones: I think about 50,000 tons.

Commissioner Harlan: And of that 50,000 tons, what part

belonged to the Fort Smith Lumber Company?

Mr. Jones: I am wrong on that; I did not understand it. There is about 50,000 tons for the Fort Smith Lumber Company; that includes all logs into the mill and the lumber out of the mill.

Commissioner Harlan: I will put the inquiry again, because we want to get this as accurately as possible. I know want to know what was the volume in tons of your traffic during the last fiscal year, including the logs and lumber and farm products and all other traffic?

Mr. Jones: About 75,000 tons.

Commissioner Harlan: Now, what part of the 75,000 tons was logs and lumber for all persons, all shippers?

Mr. Jones: I do not know whether I have got that so I can

511 give it to you.

Commissioner Harlan: Have you an exhibit which will show?

Mr. Jones: No, sir.

Examiner Burchmore: Is a copy of your annual report here?

Mr. Jones: No.

Commissioner Harlan: Can you give us an approximate statement?

Mr. Jones: I can give you a statement of the lumber from Plainview to Ola,

Commissioner Harlan: Very well; give us that. How much was that?

Mr. Jones: That is for the Fort Smith Lumber Company or all?

Commissioner Harlan: All, from Plainview to Ola.

Mr. Jones: 34,534 tons. everything; that is, from Plainview to Ola; that includes lumber, express, mail, baggage, and so forth.

Commissioner Harlan: What part of that was lumber?

Mr. Jones: There was about 20,753 tons.

Commissioner Harlan: From Plainview to Ola?

Mr. Jones: Yes, sir.

Commissioner Harlan: What part of that lumber belonged to the Fort Smith Lumber Company?

Mr. Jones: 19,165 tons.

Commissioner Harlan: Have you any figures showing the logs

that were hauled into the mill at Plainview?

Mr. Fitzhugh: The question of milling in transit does not enter into this. We get no division except from Ola to Plainview, and we make no charge whatever for the question of logging, and there is no addition for that, and we did not think it necessary to prepare that information; but all the other information we have. The milling in transit proposition does not enter into it at all.

Commissioner Harlan: You said there were a couple of mills on

the south loop of your road?

Mr. Jones: Yes.

Commissioner Harlan: Do you haul manufactured lumber for that community, Ola?

Mr. Jones: Yes, sir.

Commissioner Harlan: To what extent during the year?

Mr. Jones: There have been, I suppose, from one mill probably 15 to 20 cars.

Commissioner Harlan: During the year?

Mr. Jones: And the other one has been 50 to 60 carloads more.

513 Commissioner Harlan: Do you haul any other products from the south loop into Ola, general merchandise and farm products?

Mr. Jones: Cotton seed.

Commissioner Harlan: How much cotton seed?

Mr. Jones: I think there have been five cars this year.

Commissioner Harlan: In flat cotton?

Mr. Jones: Yes, sir.

Commissioner Harlan: How much—— Mr. Jones: That is on the south loop.

Commissioner Harlan: That is on the south road loop into Ola?

Mr. Jones: No, not from there.

Commissioner Harlan: Any other products?

Mr. Jones: From that point? Commissioner Harlan: Yes.

Mr. Jones: We have handled piling and logs.

Commissioner Harlan: That was your own piling and logs?

Mr. Jones: No, sir, for other people.

Commissioner Harlan: You have not the figures showing that?

Mr. Jones: No. I have not the figures up, all of them, for the year.

Commissioner Harlan: Are there any towns on your line?

Mr. Jones: Plainview.

Commissioner Harlan: What is the size of Plainview?

Mr. Jones: About 1,500.

Commissioner Harlan: Is that what they call a company town? Mr. Jones: No.

Commissioner Harlan: How many mills are there?

Mr. Jones: The Fort Smith Lumber Company and W. M. Hippy.

Commissioner Harlan: Any one else?

Mr. Jones: At the end of the line there, there is five or six small mills that ship from Plainview.

Commissioner Harlan: Are they on your line?

Mr. Jones: They are not right on the line of the railroad, but they are a little distance from there.

Commissioner Harlan: Half a mile or so? Mr. Jones: Some of them, or a little further.

Commissioner Harlan: How do they get to your line?

Mr. Jones: Haul it by wagon.

Commissioner Harlan: What rate do you make to them to haul it to Ola?

515 Mr. Jones: The published tariff, the same as the Arkansas tariff, if they ship to Ola.

Commissioner Harlan: If it goes on the joint through rate, what allowance do you get on all this lumber?

Mr. Jones: The division?

Commissioner Harlan: The division.

Mr. Jones: We get to Oklahoma points three and three-quarter cents, and to other points four cents.

Commissioner Harlan: What is the highest division you have

ever received?

Mr. Jones: Four cents.

Commissioner Harlan: From what line?

Mr. Jones: The Rock Island.

Commissioner Harlan: Is this another railroad line north there. or a river (indicating)?

Mr. Jones: That is a river.

Commissioner Harlan: Do you recall approximately your gross revenues last year?

Mr. Jones: About \$35,000.

Commissioner Harlan: And how much net?

Mr. Jones: The net revenue was-we lost about \$440 in operating our road last year.

516 Commissioner Harlan: You call that your net, then?

Mr. Jones: Yes, sir; that is net.

Commissioner Harlan: That is, you have not paid any dividends at all?

Mr. Jones: No.

Commissioner Harlan: Were you among those that were present at the birth of this railroad; were you among those who conceived the plan of building a railroad?

Mr. Jones: No, sir. Commissioner Harlan: Can you tell us why it was built?

Mr. Jones: The road was built with a view of going to Hot Springs eventually, and a branch from Plainview to Waldo.

Commissioner Harlan: How far is Hot Springs?

Mr. Jones: From where?

Commissioner Harlan: Well, from anywhere on your line?

Mr Jones: It would be about 85 miles from Plainview.

Mr. Cowan: What direction from this point?

Mr. Jones: South.

Commissioner Harlan: Do you understand that was the primary object of starting this construction?

Mr. Jones: Yes, sir.

Commissioner Harlan: You did not start it to bring in this lumber?

Mr. Jones: Well, they expected to get shipments, or to

get tonnage.

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Commissioner Harlan: Do you mean the Commission to understand that you started out to reach Hot Springs or bust, is that the kind of a road it was?

Mr. Jones: No. sir.

Commissioner Harlan: Is it not a fact that you started out to

get this lumber into your mill?

Mr. Jones: That was eventually what we expected to do with it. Commissioner Harlan: Well, you are not doing it eventually, you are making Hot Springs the eventual end of this road. Did you not put it in there to get your logs in?

Mr. Jones: The railroad? Commissioner Harlan: Yes.

Mr. Jones: We built it for to get the timber out and develop the country, and there is quite a farming country in there, quite a valley.

Commissioner Harlan: Where is that Valley?

Mr. Jones: That is this Fourche Valley.

Commissioner Harlan: You are not carrying any of that farming stuff now, are you?

Mr. Jones: Yes, sir.

Commissioner Harlan: Well, I want to know about it.

Mr. Jones: We have hauled this year 5,000 bales of cotton from Plainview.

Commissioner Harlan: But you are not hauling any of that cotton into Plainview?

Mr. Jones: No. sir.

Commissioner Harlan: How does that cotton reach Plainview?

Mr. Jones: By wagon.

Commissioner Harlan: Is there a compress there?

Mr. Jones: No.

Commissioner Harlan: You carry it as flat cotton to what points? Mr. Jones: We ship it to Little Rock.

Commissioner Harlan: It is compressed at Little Rock?

Mr. Jones: It is compressed at Little Rock.

Commissioner Harlan: How does it get to Little Rock, on a joint rate?

Mr. Jones: It gets there on a local rate, but afterwards we are parties to a joint rate if it be shipped to New York or anywhere else.

519 Commissioner Harlan: It goes to Little Rock on a joint rate between your road and the Rock Island?

Mr. Jones: Yes, sir.

Commissioner Harlan: Do you remember what that is?

Mr. Jones: No.

Commissioner Harlan: What is your division on it?

Mr. Jones: We get ten cents per 100 pounds.

Commissioner Harlan: You do not know what the rate is to Little

Rock, the joint rate?

Mr. Jones: As I understand it, that is the Commission rate: those are the rates—that is taken from Plainview to Little Rock and then we are parties to a joint rate, and that is shipped to New Orleans or Boston or-

Commissioner Harlan: It moves out of Little Rock on the bal-

ance of a through rate?

Mr. Jones: Yes, sir.

Commissioner Harlan: I want to know what the local rate is, it goes in first on a local rate?

Mr. Jones: Yes, sir. I do not remember what it is.

Commissioner Harlan: Do you know what it is Mr. Fitzhugh? Mr. Fitzhugh: No, I do not know. There are compress regulations that govern those things, but I do not know what 520 those regulations are.

Commissioner Harlan: The compress regulations do not govern the rate. They may be a part of the privilege of the through

shipment.

Mr. Fitzhugh: Yes.

Commissioner Harlan: The road from Ola to Plainview was built in 1906 or started then?

Mr. Jones: In 1906, and completed in 1907.

Commissioner Harlan: Now, you have described the ownership of these two interests, the lumber company and the railroad com-The lumber company was in existence before the railroad company, was it not?

Mr. Jones: The lumber company was in existence, yes, sir, before

the railroad.

Commissioner Harlan: When was the mill built?

Mr. Jones: The mill was built in 1909.

Commissioner Harlan: The mill was built after the railroad?

Mr. Jones: Yes, sir.

Commissioner Harlan: Is this a case of a railroad that has a lumber company as an incident to it, or is it a lumber company that has a railroad company as an incident to it?

Mr. Jones: We had been operating a mill at Abbott, which 521 was 60 or 70 miles west, for nine years, shipping our lumber down on the Rock Island rails to the territory tributary to those rails, and afterwards this railroad was built and we wanted to

get this lumber down through here, and this mill was built after the railroad.

Commissioner Harlan: Well, you built your mill in 1909?

Mr. Jones: Yes.

Commissioner Harlan: Were you doing any lumbering there before the mill was built?

Mr. Jones: No, sir, we were not.

Commissioner Harlan: You did not commence to lumber until after the mill was built?

Mr. Jones: No.

Commissioner Harlan: So the railroad started first?

Mr. Jones: Yes.

Commissioner Harlan: And was in operation a year or two before the mill was built?

Mr. Jones: Yes.

Commissioner Harlan: On its way to Hot Springs?

Mr. Jones: Yes, sir.

Examiner Burchmore: Before your mill was built at Plainview there was logging done on this road, and were those logs moved down to your other mill?

Mr. Jones: There was a mill there of W. W. Gardner &

Company, a small mill at Plainview.

Commissioner Harlan: You hauled logs there to that mill?

Mr. Jones: That was logs that were hauled there during the construction of that railroad, and I had nothing to do with it, and the railroad had nothing to do with it, as far as I remember.

Mr Fitzhugh: State when the Central Railroad of Arkansas was

incorporated.

Mr. Jones: January 31, 1906.

Mr. Fitzhugh: Have you the articles of incorporation with you?

Mr. Jones: I have a copy.

Mr. Fitzhugh: Does the Commissioner care to have them? When

did it build the railroad?

Commissioner Harlan: We have been all over that. One of the object in putting the questions from the bench was to shorten the examination. I hope you will not repeat any of those questions.

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Mr. Fitzhugh: I will try not to. How long had it been in operation before the lumber company put up this mill on

523 the line?

Commissioner Harlan: That question has just been asked. The mill was built in 1909 and the railroad in 1906 and 1907.

Mr. Fitzhugh: Does the railway receive anything on account of milling in transit?

Mr. Jones: No, sir.

Mr. Fitzhugh: Does it make any charges for that?

Mr. Jones: No.

Examiner Burchmore: Are the logs hauled free of charge up to the mill?

Mr. Jones: No, sir, the logs are hauled from the spur line to the mill, by authority of the Arkansas Railroad Commission, up to Plainview.

Commissioner Harlan: At the state rate?

Mr. Jones: At 50 cents 1,000 feet, and way bills are made for all those cars.

Mr. Fitzhugh: How many trains per day does your road operate?

Mr. Jones: Three round trips per day.

Mr. Fitzhugh: Does it do a passenger service?

Mr. Jones: Yes, sir.

Mr. Fitzhugh: Does it run on schedule time?

524 Mr. Jones: Yes, sir.

Mr. Fitzhugh: State if it carries mail and express.

Mr. Jones: Yes, sir, it carries both mail and express.

Mr. Fitzhugh: To give the Commission an idea of the amount of passenger business, state the number of paid passengers carried for the month of October, 1910.

Mr. Jones: There were about 1,600.

Mr. Fitzhugh: Does your road comply with the Federal Safety Appliance Act by equipping engines and cars with air brakes and automatic couplers?

Mr. Jones: Yes, sir.

Mr. Fitzhugh: Does it make its report to the Interstate Commerce Commission?

Mr. Jones: Yes.

Mr. Fitzhugh: And does it keep its books in the manner required by the Commission?

Mr. Jones: Yes.

Mr. Fitzhugh: Does it operate under the rules and regulations of the Arkansas Railroad Commission?

Mr. Jones: Yes, sir.

Mr. Fitzhugh: You stated that Plainview was a place of 1,500 inhabitants.

525 Mr. Jones: Yes.

Mr. Fitzhugh: What other means have the people of Plainview for the transportation of their merchandise or produce to the general markets of the world?

Mr. Jones: No other means but the railway facilities.

Mr. Fitzhugh: Is the town of Plainview a lumber camp or is it a substantial town?

Mr. Jones: It is a substantial town.

Mr. Fitzhugh: How many banks there? Mr. Jones: They have two banks.

Mr. Fitzhugh: How many general merchandise stores?

Mr. Jones: Six general stores.

Mr. Fitzhugh: Any brick business houses?

Mr. Jones: The two bank buildings are brick.

Mr. Fitzhugh: Car. you state to the Commission the amount of business during the month of October, 1910, for the general public, and the revenue therefrom, and the amount done for the Fort Smith Lumber Company and the revenue therefrom?

Mr. Jones: I think I have a statement of it, sir. The lumber company had delivered to the railroad at Plainview 75 cars of lumber to haul to Ola, and by other people 15 cars of piling, 23 cars of

oak lumber and eight cars of logs, 62 cars of cotton, 10 cars of cotton seed; that was for other people, which the Fort Smith Lumber Company had no interest in.

Mr. Fitzhugh: That was outgoing freight from Plainview to Ola?

Mr. Jones: Yes, sir.

Mr. Fitzhugh: As to the revenue derived from that freight, what percentage of it was from the Fort Smith Lumber Company?

Mr. Jones: From the Fort Smith Lumber Company was 33.39 per cent, and other shippers 56.75 per cent; passengers, eight per cent; mail, .55; express, 1.23; excess baggage, 1.9.

Commissioner Harlan: I suggest he file that statement.

(The statement so offered and identified was received in evidence and thereupon marked Central Railroad of Arkansas Exhibit No. 1. witness Jones, received in evidence December 9, 1910, and is attached hereto.)

Mr. Fitzhugh: Is that a fairly representative month?

Mr. Jones: Yes, sir.

Mr. Fitzhugh: State if the relative proportion of business done by your railroad for the Fort Smith Lumber Company and for the general public, is changing, and if so, whether or not you are doing

a larger proportion or will continue to do a larger proportion 527 of business for the general public than for the lumber

Mr. Jones: I think the business will increase for the general public.

Mr. Jones: There was no town there when the railroad was built in there?

Mr. Jones: There was no town there when the railroad was built

in there. It was started in 1907.

Mr. Fitzhugh: State if there are any other towns on beyond Plainview that depend upon this road to get their merchandise also.

Mr. Jones: There is Rover, Wing, Grovely, Blunton, which have general stores and are west of us, which could get their supplies of merchandise from Plainview and ship all their farming products and send it to Plainview, and it is sent out over our road.

Mr. Fitzhugh: You stated just now you had already carried this season 5,000 bales of cotton from Plainview to Ola. State how much cotton you carried during the whole season of last year.

Mr. Jones: That was 3,436 bales.

Mr. Fitzhugh: Does that indicate that the country is being developed and more cotton being raised?

Mr. Jones: Yes, sir.

Mr. Fitzhugh: How long does the cotton season last—I suppose the Commission knows about that.

Commissioner Harlan: Yes.

Examiner Burchmore: The month of October was a little exceptional in that regard. It had more cotton than other months of the year.

Mr. Fitzhugh: Certainly. How much did you carry during the month of November from Plainview to Ola, how many bales?

Mr. Jones: I think it was about 2,300 for November, and about 1,900—I disremember the exact amount, but about 1,900 or 2,000 in October.

Mr. Fitzhugh: You carry cotton seed, corn and other produce?

Mr. Jones: Outbound?

Mr. Fitzhugh: Yes, from Plainview to the markets of the world.
Mr. Jones: There has been no corn shipped out of there, or any
other farm products other than cotton and cotton seed.

Mr. Fitzhugh: With reference to bringing in corn or grain or farming utensils and vehicles for the Fourche Valley and

529 the little towns around and beyond Plainview?

Mr. Jones: That is all brought in and distributed at Plainview, and flour, corn, grain and hay and general merchandise.

Mr. Fitzhugh: State if you keep a railway agent at Plainview or

elsewhere.

Mr. Jones: We have an agent at Plainview, and a joint agent at Dla.

Commissioner Harlan: Have you a station at Plainview?

Mr. Jones: Yes, sir.

Commissioner Harlan: For less than carload shipments?

Mr. Jones: Yes, sir.

Mr. Fitzhugh: Describe the station and what it cost-

Commissioner Harlan: No, that is enough.

Mr. Fitzhugh: Does your road issue bills of lading and way bills? Mr. Jones: Yes, sir.

Mr. Fitzhugh: Schedules and time tables?

Mr. Jones: Yes.

Mr. Fitzhugh: Can you state whether or not these enterprises along your line are growing and increasing?

530 Mr. Jones: I think they are.

Mr. Fitzhugh: Has the Fort Smith Lumber Company or the Central Railway of Arkansas any interest whatever in any of these other saw mills or mercantile establishments which use your road?

Mr. Jones: None whatever.

Mr. Fitzhugh: Or any of its stockholders?

Mr. Jones: No.

Mr. Fitzhugh: With reference to the original object of building your road, some questions were asked you. Were you a member of the original incorporators?

Mr. Jones: I am a member of the original; yes.

Mr. Fitzhugh: Are you one of the original incorporators?

Mr. Jones: Of this road; yes, sir, but the road was originally started by other people; that is, that made the surveys for this line.

Mr. Fitzhugh: Tell the Commission if it is not a fact that the route you have surveyed is the shortest, easiest and most accessible route from that part of the state to Hot Springs, Arkansas.

Mr. Jones: Yes, sir.

Mr. Fitzhugh: And do you know if it was not the inten-

tion of the parties when they started to build this road, to build it into Hot Springs, and of course to take the lumber,

when they built the road?

Mr. Jones: The survey of this road was made by the Choctaw, Oklahoma & Gulf to start with, several years ago, and they expected to build this road from Ola to Hot Springs, as I understand. I had nothing to do with that part of it. Then afterwards they sold to the Rock Island and these parties then formed a company and were chartered, and then this company was chartered later, to which I was a party to this road or charter.

Commissioner Harlan: Has the company of which you are a member seriously contemplated the extension of this road to Hot

Springs?

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Mr. Jones: That was their intention; that was my understanding of the intention to do it; yes, sir. There are other interests that they expected to develop and build up this line and carry it through to Hot Springs, also through to Waldo.

Mr. Fitzhugh: I believe you asked the weight of the rails-

Commissioner Harlan: Yes; that is in.

Mr. Jones: 60 pound steel. Mr. Fitzhugh: New?

Mr. Jones: Yes.

Mr. Fitzhugh: Bought by the railroad company itself?

Mr. Jones: Yes.

Examiner Burchmore: Aside from tariffs or division sheets has your company any contract with the Rock Island Road for allowances or divisions?

Mr. Jones: No.

Examiner Burchmore: Has any other road served by the Rock Island and your line?

Mr. Jones: They have a road from Ola to Dardanelle. Examiner Burchmore: What is the name of that?

Mr. Jones: The Dardanelle, Ola & Southern.

Examiner Burchmore: Is there any relation between the Dardanelle, Ola & Southern and the Central Railway of Arkansas?

Mr. Jones: None at all.

Mr. Cowan: Is Dardanelle on any other road?

Mr. Jones: It is on the Arkansas River, and there is a railroad across the river.

Mr. Cowan: Is the railroad across the river accessible for

traffic moving north of Ola? 533

Mr. Jones: I presume not. It would have to be taken by one road and hauled across the river.

Mr. Cowan: You could not do that?

Mr. Jones: No.

Mr. Peirce: The road north of the river publishes through rates from Dardanelle, as I understand,

Mr. Jones: I do not know anything about that.

Mr. Peirce: The road leading out from Russellville to Dardanelle publishes through rates south of the river, that is, to Dardanelle

proper, although the rails terminate on the other side of the river. But the railroad takes the stuff to Dardanelle.

Mr. Cowan: Is there a bridge there? Mr. Jones: An abandoned bridge.

Mr. Cowan: When the lumber company advanced the money to build this road, you were connected with the lumber company?

Mr. Jones: Yes, sir.

Mr. Cowan: You expected it, of course, to be a profitable enterprise because of the fact that you had the timber which could not be developed without the railroad?

Mr. Jones: Yes, sir.

534 Mr. Cowan: How much did that increase the value of the 60,000 acres of timberland?

Mr. Jones: By building the railroad?

Mr. Cowan: Yes.

Mr. Jones: I do not know that I could state how much it increased it.

Mr. Cowan: According to your judgement, what do you figure it would increase it?

Mr. Jones: I pre-ume it would double the value, probably.

Mr. Cowan: And it was that expectation, rather than the expectation of the amount of freight you would get, that induced you to enter into the enterprise?

Mr. Jones: I think they expected to get that traffic on the road

other than the timber.

Mr. Cowan: You expected at least to make operating expenses out of the traffic, and then your company, which advanced the money to build it, of course would make a large sum of money by the enhancement of the value of the timber; that is correct, is it not?

Mr. Jones: How is that?

Mr. Cowan: You expected in addition to paying operating expenes to make a large sum of money by the enhanced value of the timber land, naturally? 535

Mr. Jones: I do not know that the railroad figured on that

at all. Mr. Cowan: I mean the lumber company which advanced the The lumber company figured on that.

Mr. Jones: Having a profit on the timber?

Mr. Cowan: Yes.

Mr. Jones: They expected to get that; yes, sir.

Mr. Cowan: But they would expect to have a largely enhanced value to the 60,000 acres, by the building of the railroad?

Mr. Jones: It would make the timber more valuable by build-

ing the railroad.

Mr. Cowan: And that was the reason they advanced the \$250,-000 to build the railroad?

Mr. Jones: I do not know that that was the exact reason.

Mr. Cowan: There would not have been any chance to get the profit out of the timber, unless somebody built the railroad there? Mr. Jones: No.

Mr. Cowan: The timber is not capable of being logged to any other place without building a railroad into it.

536 Mr. Jones: It could be logged to the Fourche River, part

of it.

Mr. Cowan: But you were not doing that?

Mr. Jones: No.

 Mr. Cowan: And that would be a very unsatisfactory method of course.

Mr. Jones: I think so.

Mr. Cowan: What kind of timber is it?

Mr. Jones: Yellow pine.

Mr. Cowan: You could float the pine, but you could not have floated the hard wood very well in the river.

Mr. Jones: We have no hard wood.

Mr. Cowan: Where do you market your lumber?

Mr. Jones: In Oklahoma, Missouri, Arkansas, Nebraska, some few shipments east of the Mississippi; not very many.

Mr. Cowan: And you come in competition with other producers of pine lumber from Texas, Louisiana and Arkansas?

Mr Jones: I presume so,

Mr. Cowan: On what basis do you make the price of your lumber at Plainview?

Mr. Jones: On the basis of the cost.

Mr. Cowan: And do you make the same price, no matter where it is going?

Mr. Jones: Yes, sir.

Mr. Cowan: So the freight rate is added to the price of the lumber when it reaches the man who buys the lumber for retail purposes, or otherwise?

Mr. Jones: Yes, sir.

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Mr. Cowan: Is there competition between your company in selling lumber at these various points and other companies selling lumber shipped from elsewhere? You meet the competition of other mills?

Mr. Jones: I presume so; yes, sir.

Mr. Cowan: And there is a competition, is there?

Mr. Jones: Yes, sir. There are other people in the business Mr. Cowan: Well, there is no uniformity in prices of lumber agreed upon between the producers, no combination between them that fixes the wholesale price of lumber?

Mr. Jones: No, sir; none that I know of.

Mr. Cowan: So that it is an open competition where the freight rate from anywhere must figure in the value of the lumber delivered at the point of sale?

Mr. Jones: Yes.

Mr. Cowan: Have you the short line to Oklahoma from your place; is that the nearest pine timber for Oklahoma?

Mr. Jones: They have timber in Oklahoma.

Mr. Cowan: They have not much pine timber there?

Mr. Jones: Some pine; yes, sir, in eastern Oklahoma there is quite a good deal of pine.

Mr. Cowan: What was the market value of that land before the railroad was decided upon?

Mr. Jones: The market value of the land? Mr. Cowan: Yes, I mean the land and timber.

Mr. Jones: Well-

Mr. Cowan: Situated at it was before.

Mr. Fitzhugh: Is that material?

Commissioner Harlan: I think it is. It shows one object in building the road. Do you know what the market value was before the road was built, or its construction announced?

Mr. Jones: No, I do not,

Mr. Cowan: He said it about doubled, and I wondered what the market value of such land was, situated that far from the railroad.

Mr. Jones: I think land has been bought from \$3.00 to \$5.00 an acre.

539 Mr. Cowan: What is such land worth today?

Mr. Jones: There has been quite a good deal of land that has been offered from \$4.00 to \$6.00.

Mr. Cowan: How far from the railroad?

Mr. Jones: Some of it is six, eight or ten miles.

Mr. Cowan: It would, of course, depend on the stumpage in any event?

Mr. Jones: Yes, sir.

Mr. Cowan: When you say land offered, do you mean land that has got the virgin timber?

Mr. Jones: Yes. Mr. Cowan: Pine.

Mr. Jones: Yes, sir; some kind of timber, mountain timber; that is all mountainous.

Examiner Burchmore: Is it a matter of public, common understanding that the Dardenelle, Ola & Southern is a tap line?

Mr. Jones: I don't know whether it is or not. Examiner Burchmore: Who controls it? Mr. Jones: It is in the hands of a receiver.

Examiner Burchmore: When was that road constructed?

Mr. Jones: I think 1907 or 1908, I don't remember the exact

Examiner Burchmore: Did it operate a general freight and passenger business?

Mr. Jones: Yes, sir.

Mr. Cowan: How did you come to build the road down that 13 miles and stop there? I don't understand that there is any mill there.

Mr. Jones: We chartered for 130 miles and we built ten per cent.

of it.

Mr. Cowan: Why did you just build ten per cent of it?

Mr. Jones. Well, I think we had to build ten per cent in a certain length of time under the charter.

Mr. Cowan: You did not build it there and stop at that point for any industrial reason?

Mr. Jones: No, sir

Mr. Cowan: You did not intend to put a mill there?

Mr. Jones: We had not at that time; no, sir.

Mr. Cowan: And you only used four miles of it beyond Plainview, where you have connected your spur for your logging purposes?

Mr. Jones That is used for our logging purposes, and they have a siding at the end of the line, which is used for the general public

for anything they offer to be shipped.

Mr. Cowan: That spur belongs to your railroad company, it is not a mill proposition?

Mr. Jones: Which spur is that?

Mr. Cowan: The spur that branches out four miles from Plain-

Mr. Jones: That is the lumber company's spur. 541

Mr. Cowan: You spoke about having a siding for hauling other people's traffic.

Mr. Jones: That is on the main line of the railroad.

Commissioner Harlan: That belongs to the railroad, but there is a spur which belongs to the lumber company which is operated by this railroad company.

Mr. Cowan: And the real cost \$260,000, as you have stated. How much did you get back in the way of town lots, bonuses and other things of value that went to the railroad company for construction?

Mr. Jones: We got nothing in the way of bonuses; we had a few rights of way that were given to us. I suppose.

Mr. Cowan: I spoke of town lots also. Did you make certain money off of Plainview lots?

Mr. Jones: The Fort Smith Lumber Company own one-half in-

terest in the town site.

Mr. Cowan: You exchange the usual transportation with other people?

Mr. Jones: Yes, sir.

Mr. Cowan: And do these passes go to the lumber company's employees?

Mr. Jones: Passes from whom? 542

Mr. Cowan: What you get from other railroads, the Rock Island and others.

Mr. Jones: The only transportation we get is that which I receive. and I am employed by the railroad company.

Mr. Cowan: You are the only one who gets any?

Mr. Jones: Yes.

Mr. Cowan: The reason you had ten incorporators in the railroad company and seven in the lumber company is that the law requires ten for the railroad company?

Mr. Jones: Not that I know of.

Mr. Cowan: If there should be a loss on the operation of the railroad company, that would fall upon the stockholders of the lumber company?

Mr. Jones: It would fall upon the stockholders of the railroad

company.

Mr. Cowan And they are stockholders of the lumber company?

Mr. Jones: Some of them are.

Mr. Cowan: What per cent of the stock of the railroad company—

Commissioner Harlan: That is all in the record. He said it was practically owned by stockholders of the lumber company.

Mr. Cowan: That is what I thought, but I asked him if the loss would fall on the stockholders of the lumber company and he spoke of part of them not owning stock in the railroad company.

Commissioner Harlan: No, it was the other way-

Mr. Cowan: And I asked him if the railroad company's stockholders were the same, and I understood him to say they were not. Commissioner Harlan: They are not quite the same.

Mr. Cowan: Then I asked the per cent.

Commissioner Harlan: Do you know the per cent?

Mr. Cowan: It is the per cent of the stock of the railroad company that is owned by the stockholders of the lumber company.

Mr. Jones: I do not know that I could give you the per cent ex-

actly.

Mr. Cowan: Well, the shares; is it nearly all owned by the lumber company's shareholders?

Mr. Jones: Yes.

Mr. Coleman: Did we correctly understand that there were about 1,600 passengers carried every month?

544 Mr. Jones: Of October.

Mr. Coleman: During the month of October?

Mr. Jones: During the month of October.

Mr. Coleman: What were your passenger earnings during that month?

Mr. Jones: About \$380 and some odd dollars.

Mr. Coleman: Was that unusual?

Mr. Jones: That is about—it runs from \$300 to \$500 a month.

Mr. Coleman: As a rule?

Mr. Jones: Yes.

Mr. Coleman: What do you charge for fare?

Mr. Jones: The fare is 25 cents from Ola to Plainview.

Mr. Coleman: Is most of this traffic from Ola to Plainview?

Mr. Jones: Yes, sir, between the two towns largely.

Mr. Coleman: Between what two points does the bulk of that passenger traffic move?

Mr. Jones: Between Ola and Plainview.

Mr. Coleman: As to the cotton, did you issue bills of lading on all the 5,000 bales of cotton which moved in October?

Mr. Jones: Yes, sir.

545 Mr. Fitzhugh: I forgot to ask you, Mr. Jones, if your road is taxed by the State of Arkansas just as other railroads are taxed?

Mr. Jones: The Tax Commissioners tax it and assess it the same as other railroads.

Mr. Fitzhugh: The same as other railroads, and not as other property?

Mr. Jones: Yes.

Mr. Fitzhugh: You stated that the stockholders were practically the same in the two companies. I will ask you if Mrs. Gertrude Abbott does not own nearly one-quarter of the stock of the lumber company and no stock whatever in the railroad company?

Mr. Jones: Yes, sir.

Mr. Coleman: Those people moving between Ola and Plainveiw are they employees of the lumber company?

Mr. Jones: Some of them are. Mr. Coleman: What percentage?

Mr. Jones: I suppose about five per cent.

Mr. Coleman: Now, that means about 50 people a day, does it not, moving between those points?

Mr. Jones: Something like that.

Mr. Coleman: And only five per cent are lumber people? 546 Mr. Jones: Yes, sir; that will be about the percentage. Mr. Coleman: And the others would be commercial travelers?

Mr. Jones: Yes.

Mr Coleman: 45 commercial travelers would move a day over that

line? Mr. Jones: No, not commercial travelers, passengers, I do not know that they would all be commercial travelers.

Mr. Coleman: Would they be residents of Ola and Plainview, or

destined to points beyond?

Mr. Jones: Some might be residents of Ola and Plainview and other places.

Mr. Coleman: But only five per cent would be lumber men?

Mr. Jones: I am judging about five per cent would be employees of the Fort Smith Lumber Company.

Mr. Coleman: How many men have you up in the woods near

Plainview?

Mr. Jones: About 50 to 75.

Mr. Coleman: And at Ola, how many people?

Mr. Jones: How many people do we have at Ola?

Mr. Coleman: Well, the population.

Mr. Jones: Ola is about 1,000 inhabitants.

Mr. Coleman: And how many of your people are there at 517 Ola?

Mr. Jones: None.

Mr. Cowan: I want to ask one question, why the railroad was not built on to Hot Springs.

Mr. Jones: The promoter of it died; that is, the one that intended to do that.

Mr. Cowan: Is it bonded?

Mr. Jones: No, sir.

Mr. Cowan: The stock represents the full capitalization?

Mr. Jones: Yes, sir.

Commissioner Harlan: Have you any other witness?

Mr. Fitzhugh: No.

(Witness excused.)

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Commissioner Harlan: Is the El Dorado & Western before the Commission?

(No response.)

Commissioner Harlan: Is the Fordyce & Princeton?

(No response.)

Commissioner Harlan: The Fourche River Valley & Indian Territory?

Mr. Brady: Mr. Walter will be here in the morning.
Commissioner Harlan: The Lester & Ouachita Valley
Railway?

(No response.)

Commissioner Harlan: Is the Ouachita Valley Railway before the Commission?

(No response.)

Commissioner Harlan: The Bernice & Northwestern?

(No response.)

Commissioner Harlan: The North Louisiana & Gulf?

Mr. Brady: Mr. Walter has that case.

Commissioner Harlan: Is the Perla River Northern Railway Company here?

Mr. Armistead: Yes.

Commissioner Harlan: Are you ready?

Mr. Armistead: We will be ready in the morning.

Mr. Cowan: I would like to make a suggestion, while we can all hear it, and consider it, that by to-morrow morning we endeavor to ascertain what is going to be the course of the procedure, so far as that might be ascertained; and particularly, how long we are going to continue the investigation here. A number of gentlemen, I am sure, have business arrangements of one kind and another to make

dependent somewhat upon that, and I make the suggestion that we endeavor tomorrow morning, if we can, when the Commission convenes, reach some understanding that would enable business people to make appointments and arrangements ac-

cording to the time we are going to occupy.

Commissioner Harlan: I suggest that we adjourn until tomorrow at 9:30, and we will have a little time in which to talk over the matter which you suggest.

Mr. Garwood: I would like to inquire from Judge Cowan as to whether the intervenors in this case will introduce any testimony at the conclusion of the investigation which is now under way.

Mr. Cowan: Well, I would be very glad to answer if I could, Judge Garwood, as you well know, but I can hardly determine until we find whether we are going to get through with the consideration as it is now proceeding. But when that is through, then I suppose either the railroads, if they should see fit to do so, or the intervenors, if they should see fit to do so, would be called upon certainly to introduce such evidence as they have. Some of that I desire to get here when we find out just how long we are going to be here. I do not care to bring the men here unnecessarily, but want to get them here

so as not to delay the proceeding and that was one of the reasons for my suggestion.

Mr. Garwood: It is your purpose at this hearing, if time

suffices, to introduce evidence for the intervenors?

Mr. Cowan: I am unable to say that without consulting with Mr. Andrews, who is in the case with me, and other gentlemen here, but it is our purpose to introduce evidence to some extent dependent somewhat on what evidence shall be introduced by the other side.

Mr. Garwood: My purpose in asking that is that there are witnesses, who, as their own cases are determined would go home, but who would perhaps wish to remain in the event that the intervenors

would undertake to put in evidence.

Mr. Cowan: I apprehended it was the case that the business situation of a great many men would hardly permit their remaining at New Orleans any great length of time, and it might be that we might, after consultation, decide it necessary to have another hearing for the purpose of winding up, and then we could accommodate everybody and let them remain at home and not remain here for the purpose of hearing evidence which might not be introduced, and it will be our endeavor to accommodate Judge Garwood and the other gentlemen in that effort.

Whereupon, at 5:30 P. M., an adjournment was taken to Saturday, December 10, 1910, at 9:30 A. M.

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NEW ORLEANS, La., December 10, 1910.

Met pursuant to adjournment at 9:30 A. M.

Present: Parties as before.

Commissioner Harlan: Yesterday we called the Warren & Ouachita Valley Railroad. I was advised that counsel was out of the room for the moment, and it was understood he might appear this morning. Who is the representative of that road?

Mr. Hobbs: My counsel is not here, but I am willing to take the

stand and be examined.

W. S. Hobbs was called as a witness, and having been duly sworn, testified as follows:

Commissioner Harlan: Will you give your full name to the reporter?

Mr. Hobbs: W. S. Hobbs.

Mr. Greer: It was suggested last evening there would be some discussion as to the question of procedure, and inasmuch as there are so many tap lines to be investigated and so much time to consume, it is a very vital question with a number of us. Will your Honor not devote some time to that question now?

552 Commissioner Harlan: What suggestion have you to

· make?

Mr. Greer: I represent a Texas line, and there are a number here.

If the present method is pursued, and we can see no other that would be just and fair, than that of inquiring into each particular case, necessarily it will be some two weeks or at least ten days until some could be reached. If your Honor could set down the Texas cases for some date to be heard at some point in Texas or here, it would be very convenient. A number of us have court proceedings that are just waiting our return. We supposed there would be something definite announced as to when our cases would come up, or approxi-

Commissioner Harlan: We have already announced we would take up the Rock Island cases first, and follow them with the Iron Mountain. Are any of your lines Rock Island or Iron Mountain

connections?

Mr. Greer: They are Cotton Belt and Southern Pacific, but if your Honor could announce that those particular cases would be reached on a certain day next week at this place, or some place in Texas, it would facilitate us very much.

Commissioner Harlan: It is difficult to tell just how many lines we will have today. It has been our hope that we would pro-553 ceed more rapidly, and I think we can, if counsel will in-

dulge in less examination.

Mr. Greer: But I think 75 or 100 cases have entered an appearance here, and even at the best, it will be seven, eight or ten days before you could reach some of them.

Commissioner Harlan: We had not thought so. We thought we

could get through early next week.

Mr. Greer: Each one is entitled to a hearing and must stand on its own merits, and if you dispose of them at the rate of ten a day. which is the maximum you could hope for, it would be a long time before you could reach those lowest on the list. I believe it would meet the wishes of those representing the Texas cases if your Honor would just group them together and hear us at some particular day in the future, limiting the scope of the inquiry to just what is now being observed, hearing the facts pertaining to each particular road.

Commissioner Harlan: How many Texas roads are there? Mr. Greer: We made an estimate last night—

Mr. Scott: About 12 that I know of.

Commissioner Harlan: I am advised we have about 20 on our list.

554 Mr. Greer: Well, there are 12 present. There are, perhaps, quite a number who are not present that your Honor will want to inquire into, and there are some western Louisiana roads who are closely related to our section, and I am satisfied they would like to be investigated about the same time. Just to give an illustration of the situation. I left some three or four cases in the Federal Court undisposed of, and the court is in session and is going to adjourn next week.

Commissioner Harlan: Of course the difficulty is obvious. have had a great many statements of that kind, involving different considerations; but the Commission must get ahead with this ques-

tion, and we expected to close the record here.

Mr. Greer: You understand we do not ask for delay-

Commissioner Harlan: Would it meet your views if we simply announced this morning that the Texas lines would not be called Your suggestion of a hearing in Texas we cannot until Monday?

Mr. Greer: Would your Honor designate a day when they will be

heard? You see, that would only leave Sunday.

Commissioner Harlan: I have just suggested Monday. Mr. Greer: You said not until Monday. If you said Monday.

that would meet our approval and convenience.

Commissioner Harlan: We will do this; we will say that 555 the Texas cases will not come up before Monday, and at the close of the day I agree to advise some one by telegram as to the probabilities for Monday, and will do it tonight, so that would give you an opportunity to get here Monday or Monday afternoon if necessary, or possibly we might indicate in the telegram that you need not come until Tuesday. We will do the best that we can. If you will undertake to communicate with the others, or I will advise Mr. Garwood.

Mr. Greer: I presume if the case was to be called Monday we would all stay here, because that would only leave Sunday, and we

could not transact business at home.

Commissioner Harlan: There are two sides to the question. We would like to oblige counsel as much as possible, but we want to get ahead with this record, and we do not want to spend our time here Monday waiting. It is possible that we would not call your cases until Tuesday. At the same time, we may get into the Texas cases Monday afternoon: it depends upon what develops before. farther along in the day we can get some better impression. Where do you reside, Mr. Hobbs?

Mr. Hobbs: Warren. Arkansas.

Commissioner Harlan: What is your business? 556

Mr. Hobbs: General Manager of the Warren & Ouachita

Valley Railway. Commissioner Harlan: How long have you been connected with that railroad?

Mr. Hobbs: Nearly five years.

Commissioner Harlan: When was it incorporated?

Mr. Hobbs: I have not the record with me, but I think it was in 1895.

Commissioner Harlan: Who are the other officers of the railroad? Mr. Hobbs: Mr. F. E. Weyerhauser, President; Mr. J. W. Embree, of Chicago, is Vice-President; Mr. C. J. Mansfield, of Warren, is Secretary, and Mr. O. O. Axley, of Warren, is Treasurer.

Commissioner Harlan: Are those men officers of any lumber com-

pany?

Mr. Hobbs: Yes. sir.

Commissioner Harlan: Of what company?

Mr. Hobbs: Mr. Weverhauser is president of the Southern Lum-

ber Company, I believe; Mr. Embree is president of the Arkansas Lumber Company; Mr. Mansfield is secretary and general manager of the Arkansas Lumber Company, and Mr. Axley 557 is general manager of the Southern Lumber Company.

Commissioner Harlan: In a general way your road is owned by

lumber interests?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: Stockholders who are interested in lumber companies?

Commissioner Harlan: What particular lumber company has a

mill on your line?

Mr. Hobbs: The Southern Lumber Company and the Arkansas

Lumber Company.

Commissioner Harlan: And those two companies or their stockholders practically own your road?

Mr. Hobbs: Practically: I think they do entirely. Commissioner Harlan: What are the termini of your road?

Mr. Hobbs: Warren, Arkansas, and Banks, Arkansas.

Commissioner Harlan: Where is Warren, with respect to Little Rock-I have it here. Warren and Banks, did you say? Mr. Hobbs: Yes, sir.

Commissioner Harlan: What is the capital of your road?

Mr. Hobbs: Authorized, \$300,000.

Commissioner Harlan: I understand it is about 16 miles long. 558

Mr. Hobbs: Exactly.

Commissioner Harlan: What stock has been issued?

Mr. Hobbs: \$284,000.

Commissioner Harlan: What cash capital has your road?

Mr. Hobbs: I do not understand that.

Commissioner Harlan: Was the stock issued for cash?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: And was the railroad built by the railroad company?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: What is the character of the road?

Mr. Hobbs: It is a very fair railroad. Commissioner Harlan: Well ballasted?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: What kind of iron have you?

Mr. Hobbs: Sixty pounds. Commissioner Harlan: Did your company buy the rail?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: And bought the other material that went into the road?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: And there were no contributions or 559 loans by railroad companies?

Mr. Hobbs: No, sir.

Commissioner Harlan: Is the track a permanent track?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: What equipment have you?

Mr. Hobbs: We have three locomotives, two coaches, one caboose, one box car and five flat cars; I believe is the equipment.

Commissioner Harlan: What is the population of Warren?

Mr. Hobbs: I don't know exactly; the population of Warren and its suburbs is about 6,000 people.

Commissioner Harlan: It was a town, then, before your railroad

was built?

Mr. Hobbs: Yes, sir, a good many years.

Commissioner Harlan: Is that true of Banks?

Mr. Hobbs: No, sir; Banks is a new town that has been built since the railroad went in there.

Commissioner Harlan: Do you do any express business between

those two towns?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: Passenger business?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: Mail? 560

Mr. Hobbs: Yes, sir.

Commissioner Harlan: Have you a station at Banks?

Mr. Hobbs: Yes, sir. The Rock Island has one; it is used jointly between us and the Rock Island.

Commissioner Harlan: And at Warren you connect with the Iron

Mountain?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: Do you use a joint station with that road?

Mr. Hobbs: No.

Commissioner Harlan: Have you a station of your own?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: Have you a physical connection with the Iron Mountain at Warren? Mr. Hobbs: Yes, sir.

Commissioner Harlan: Now, these two mills, you say, are at Warren?

Mr. Hobbs: Well, they are not in Warren, no, sir; they are about a mile and a half to two miles from Warren.

Commissioner Harlan: West of Warren?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: Who owns the right of way around 561 the right of way of the Warren & Ouachita Valley Railway? Mr. Hobbs: It is owned by various people; of course the Southern

and the Arkansas Lumber Companies own a good deal of it.

Commissioner Harlan: Do they own on both sides?

Mr. Hobbs: I think so; yes, sir.

Commissioner Harlan: What is the extent of the holding of that lumber company?

Mr. Hobbs: I could not tell you.

Commissioner Harlan: Do you know about how much?

Mr. Hobbs: I should say the two of them together, probably own 100,000 acres of land.

Commissioner Harlan: On both sides of the road?

Mr. Hobbs: No, sir; they do not own it there. They own is beyond the line, a great deal of their holding is beyond the line.

Commissioner Harlan: Confine your answer to their holding of

the line.

Mr. Hobbs: I have no idea.

Commissioner Harlan: Is it 60,000 acres?
Mr. Hobbs: I have no idea.

562 & 563 Commissioner Harlan: Can you furnish that?

Mr. Hobbs: I expect they will furnish me with the information.

Commissioner Harlan: Are you an officer of either of those companies?

Mr. Hobbs: No.

Commissioner Harlan: If you will be kind enough to get that

Mr. Hobbs: Yes, sir.

Commissioner Harlan: The holding of those two companies be tween Warren and Banks. Now, you say they own other forests Just where are they?

Mr. Hobbs: I think they are all located in Bradley County, in the

southwestern portion.

Commissioner Harlan: How near to this Warren & Ouachita Valley Railroad?

Mr. Hobbs: It varies from one mile to 20.

Commissioner Harlan: The point I want to get at is this; when do logs come from which are manufactured into lumber at these two mills?

Mr. Hobbs: The logs at the present time are coming, some o them, from 20 miles south of Banks, and some of them five 564 miles south of Banks.

Commissioner Harlan: And they come from the forests be longing to these two companies?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: How do they reach Banks?

Mr. Hobbs: They have trackage arrangements with the Rock Island Railroad and also——

Commissioner Harlan: A written contract?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: Have you filed that contract with the Commission?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: Do you operate your own logging train over the Rock Island?

Mr. Hobbs: We have no logging trains. The lumber companie

Commissioner Harlan: You said the railroad had some equipment.

Mr. Hobbs: We have no logging equipment. We do no logging at all.

Commissioner Harlan: The railroad does not?

Mr. Hobbs: No.

Commissioner Harlan: Then your equipment is used only 565 in other business?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: What right have these two lumber companies to move their trains over your road?

Mr. Hobbs: They have a trackage right.

Commissioner Harlan: Has that contract been filed with the Commission?

Mr. Hobbs: I think so.

Commissioner Harlan: State in a general way what the payment made by the lumber company to you is for that privilege.

Mr. Hobbs: They pay us 15 cents a thousand feet. Commissioner Harlan: A thousand feet in the log?

Mr. Hobbs: Well, no; it is measured, board measure, after it is

Commissioner Harlan: What is their arrangement with the Rock Island?

Mr. Hobbs: I think they pay the Rock Island 75 cents a train

mile. Commissioner Harlan: Is that the only compensation that the railroad receives from the lumber companies?

Hobbs: Yes, sir, except from freight that they ship

Commissioner Harlan: What kind of freight do they 566 ship?

Mr. Hobbs: All kinds in and out.

Commissioner Harlan: For your company's stores?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: How many employees have they?

Mr. Hobbs: The lumber company?

Commissioner Harlan: Yes.

Mr. Hobbs: I could not tell you.

Commissioner Harlan: Do you know about how many?

Mr. Hobbs: I should judge three or four hundred apiece at Warren; I do not know how many in the woods.

Commissioner Harlan: Where are the companies' stores located? Mr. Hobbs: In Warren they sell goods to all people in town they

Commissioner Harlan: They are general stores?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: Do you bring in their general merchandise?

Mr. Hobbs: Some of it.

Commissioner Harlan: On through billing from what points generally?

Mr. Hobbs: All points in the United States, practically. 567 Commissioner Harlan: How does it reach your line?

Mr. Hobbs: By the way of the Rock Island at Banks. Commissioner Harlan: If it comes to Warren from the east, would not the Iron Mountain be a more direct route?

Mr. Hobbs: It might be, but it is not.

Commissioner Harlan: It might be, but it is not?

Mr. Hobbs: It is not the most direct route; no, sir. We have the shortest line in connection with the Rock Island.

Commissioner Harlan: To Memphis, for instance?

Mr. Hobbs: To Memphis and Little Rock and any points reached beyond Little Rock, our line in connection with the Rock Island is about 30 miles shorter than the Iron Mountain is to Little Rock.

Commissioner Harlan: How about Memphis?

Mr. Hobbs: I do not know the distance to Memphis. However, I believe the Rock Island is about the same, or a little shorter, possibly, to Memphis, than the Iron Mountain.

Commissioner Harlan: Does that company's material come on

through billing from Little Rock?

Mr. Hobbs: Yes, sir; all of it.

Commissioner Harlan: From Little Rock?

568 Mr. Hobbs: Yes, sir.

Commissioner Harlan: Or through Little Rock?

Mr. Hobbs: Yes, sir; all that comes from Little Rock comes on through billing; in fact, anything that comes from anywhere is on through billing.

Commissioner Harlan: So that is a local movement in the State

of Arkansas?

Mr. Hobbs: From Little Rock; yes, sir.

Commissioner Harlan: Perhaps you did not understand. I am talking now of all the general merchandise that you move for the lumber companies going to their general stores. Does that come from Little Rock mostly, or from all points?

Mr. Hobbs: From all points.

Commissioner Harlan: Does it come under through billing?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: You file tariffs?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: An interstate tariff of your own?

Mr. Hobbs: I file concurrences in joint tariffs, and file an interstate tariff of my own.

Commissioner Harlan: An interstate tariff of your own?

Mr. Hobbs: Yes, sir.

569 Commissioner Harlan: Just what sort of a tariff is that interstate tariff of your own?

Mr. Hobbs: Well, we have to have an interstate tariff covering classes and commodities,

Commissioner Harlan: You mean rates applicable to interstate movements?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: On this through merchandise, what allowance do you get, say on shipments from St. Louis?

Mr. Hobbs: On what kind of shipments?

Commissioner Harlan: Well, groceries, and general merchandise and things of that kind.

Mr. Hobbs: I cannot give you all that; you know there is different allowances on all classes and commodities.

Commissioner Harlan: Take class rates.

Mr. Hobbs: On first class I think we receive 15 cents per 100 pounds; something near that.

Commissioner Harlan: What is the first class rate from St. Louis?

Mr. Hobbs: I think it is \$1.20.

Commissioner Harlan: From St. Louis?

Mr. Hobbs: Yes, sir. I am not positive as to that; I think

that is it. 570

Commissioner Harlan: Have you filed a division sheet with the Commission?

Mr. Hobbs: No.

Commissioner Harlan: I wish you would be kind enough to do

Mr. Hobbs: All right. I think there is one filed by the Rock Island probably, showing what allowances we receive: what division we receive.

Commissioner Harlan: I do not think the Rock Island tariffs

would show that as to class rates.

Mr. Hobbs: The tariffs might not, but the division sheets would. Commissioner Harlan: I do not think they are filed. If you will file all the division sheets you have, either with the Rock Island or the Iron Mountain-

Mr. Hobbs: All right, sir.

Commissioner Harlan: Now, your divisions are not fixed and specific divisions of each joint through rate, are they? Are they not established on a percentage basis?

Mr. Hobbs: No, they are arbitrary.

Commissioner Harlan: There is no basis that you can describe for us underlying your division of joint through rates? 571

Mr. Hobbs: Well, I do not know; no, that I could explain any basis under which they are given, only that we are allowed, of course, what we can get in the first place, but enough to try to pay us for handling the business.

Commissioner Harlan: If you will file division sheets that will all appear, and also your local rates. Do you publish local Arkansas

rates that are not filed with our Commission?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: If you will file your local tariff also.

Mr. Hobbs: All right.

Commissioner Harlan: And as I understand it, you receive absolutely nothing from the lumber companies except this rate per thousand feet?

Mr. Hobbs: That is all.

Commissioner Harlan: And that is under a trackage arrangement?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: You do not carry any logs for them?

Mr. Hobbs: No. Commissioner Harlan: Do you carry any manufactured 572 lumber?

Mr. Hobbs: Yes, sir; all of it.

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Commissioner Harlan: Just tell us where you receive the manufactured lumber of these two companies.

Mr. Hobbs: We receive it at their mills. Commissioner Harlan: Near Warren?

Mr. Hobbs: One is about a mile, and the other about a mile and a half from Warren.

Commissioner Harlan: Which one is a mile away?

Mr. Hobbs: The Arkansas Lumber Company.

Commissioner Harlan: What is the market to which that lumber usually goes in the greatest volume?

Mr. Hobbs: Well, I do not know which it goes to in the greatest

volume; it goes to all points in the country.

Commissioner Harlan: Up towards Memphis, St. Louis and Chicago?

Mr. Hobbs: The northern and eastern states, judging from the billing; that is what I go by.

Commissioner Harlan: Where is that billing made out?

Mr. Hobbs: At our offices.

Commissioner Harlan: And that is through billing?

Mr. Hobbs: Yes, sir.

573 Commissioner Harlan: Under joint through rates?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: What compensation do you receive for that service?

Mr. Hobbs: We receive a division varying from one and one-half to five cents per 100 pounds.

Commissioner Harlan: On what traffic do you get five cents per

100 pounds?

Commissioner Harlan: On traffic going to the Mississippi River junctions, I think; I cannot tell you; the division sheets will show.

Commissioner Harlan: We would like you to file those division sheets also,

Mr. Hobbs: Well, that is covered—

Commissioner Harlan: You say that is covered by something you have already filed?

Mr. Hobbs: No, sir; by the division sheets you desire me to file.

Mr. Peirce: We have all that on file.

Commissioner Harlan: You have filed it?

Mr. Peirce: Yes.

Commissioner Harlan: Mr. Jeffery, has the Iron Mountain

574 filed those division sheets with this line?

Mr. Jeffery: Yes; we have filed our divisions with all lines I am not quite sure, your Honor, whether it covers anything except lumber.

Mr. Hobbs: There are some division sheets filed or issued by your

line, I know I have copies of some of them.

Mr, Jeffery: I do not remember whether that included other commodities other than lumber. Of course, we have a division with the Warren & Ouachita Valley on all commodities.

Commissioner Harlan: We will take that matter up and will let

you know, Mr. Hobbs, what we want, if we have not everything we do want.

Mr. Hobbs: All right.

Commissioner Harlan: What was the total volume of tonnage moved by your line during the last fiscal year excluding, of course, these logs hauled by the lumber companies themselves?

Mr. Hobbs: I have no idea. I have no records with me to show

that, to speak of.

Commissioner Harlan: Your records will show that? Mr. Hobbs: Yes, sir; it is filed with the Commission.

Commissioner Harlan: When did you file your first annual report with the Commission?

575 Mr. Hobbs: The first one I filed was when I first came with the road five years ago.

Commissioner Harlan: Do you keep your accounts as the Commission requires?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: Mr. Hobbs, I understand your accounts are well kept.

Mr. Hobbs: Thank you. We try to keep them well.

Commissioner Harlan: I mean by that that the reports in the offices of the Commission are that your line does keep its accounts according to our system, but perhaps more exactly, or at least as exactly, as any other tap line.

Mr. Hobbs: We follow it just as close as any trunk line does. Commissioner Harlan: And if that is so, you will be able easily to

get the figures we want.
Mr. Hobbs: Yes, sir.

Commissioner Harlan: I would like to have a statement showing your tonnage annually for the last five years, and the character of the tonnage.

Mr. Hobbs: Well, your Honor, we had a fire March 29, 1909 which destroyed all our records and burned our general office building. I can give it from that date on.

Commissioner Harlan: Very well. Where is your general office building?

Mr. Hobbs: At Warren.

Commissioner Harlan: Is it a separate building?

Mr. Hobbs: Yes, sir; it is part of the depot, it is the second story of our depot.

Commissioner Harlan: That is the Iron Mountain station-no,

you have a station of your own there?

Mr. Hobbs: We have a station of our own there.

Commissioner Harlan: Can you tell us in a general way what lumber traffic you have for other companies than the two lumber

companies you have named?

Mr. Hobbs: We probably handle for other companies approximately, I should say, from 250 to 350 cars a year, or have been doing that; that is, small concerns that have, you might call them, portable mills; that is, they go in and saw out a tract of timber that they buy and move somewhere else.

Commissioner Harlan: Do they deliver the lumber to you in the form of logs or manufactured lumber?

Mr. Hobbs: Manufactured lumber?

Commissioner Harlan: Hauled in wagons to your line? 577 Mr. Hobbs: Hauled in wagons, if the mill is not located on

the line.

Commissioner Harlan: Are there any mills on your line?

Mr. Hobbs: Not right on the line.

Commissioner Harlan: So it is all hauled in wagons?

Mr. Hobbs: At the present time; yes, sir.

Commissioner Harlan: Have you any station for the reception of such traffic?

Mr. Hobbs: We have about six side tracks on the line, I should

sav.

Commissioner Harlan: Is that all carload freight?

Mr. Hobbs: That is all carload freight, the lumber is.

Commissioner Harlan: Do you take any less than carload traffic in lumber from these outside interests?

Mr. Hobbs: If it is offered; ves. sir.

Commissioner Harlan: You set a car on the loading track for that purpose?

Mr. Hobbs: Not for less than carload, we do not; we load it in

the local car.

Commissioner Harlan: Suppose it is a less than carload shipment. what rates does it get? 578

Mr. Hobbs: It takes class rates.

Commissioner Harlan: It takes through class rates?

Mr. Hobbs: It would depend on where it would go.

Commissioner Harlan: We will suppose to Memphis or St. Louis. Mr. Hobbs. There are no less than carload shipments made, only on local shipments.

Commissioner Harlan: Where does that less than carload stuff go

Mr. Hobbs: Only just to short distances. Commissioner Harlan: Banks or Warren?

Mr. Hobbs: Banks or Warren, or some local station along the line. Commissioner Harlan: Have you any other station along the

Mr. Hobbs: Not of any consequence.

Commissioner Harlan: Have you any station building between

Banks and Warren?

Mr. Hobbs: We have three, what we call telephone houses; we keep telephones in; side tracks, I should say, and not stations, that provide shelter if any one wants to get on or off the trains.

Commissioner Harlan: Are those telephones open to the 579 public?

Mr. Hobbs: No, not supposed to be. Sometimes they open them. Commissioner Harlan: They are not stations that can be used by the public until your train gets there?

Mr. Hobbs: No, sir-yes, sir, there are rooms they can get into.

Commissioner Harlan: Well, they cannot deliver less than carload shipments of lumber at those telephone stations?

Mr. Hobbs: They do not usually at the blind sidings; no railroad

has depots at their blind sidings:

Commissioner Harlan: Then you have no regular stations between Banks and Warren?

Mr. Hobbs: No, nothing of any consequence.

Commissioner Harlan: So that the less than carload movements

do not go off your line?

Mr. Hobbs: I do not say that they do not; they might some go off the line, but not to interstate points; they would go to points in Arkansas.

Commissioner Harlan: Are there any such movements?

Mr. Hobbs: I do not recall ever having any such movements.

Commissioner Harlan: How about the carload movement from these outside interests; at what rate would a carload move to Memphis?

Mr. Hobbs: I think the rate is 14 cents per 100 pounds.

Commissioner Harlan: It is a joint through rate?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: What is your division of such movement?

Mr. Hobbs: I think it is five cents per hundred pounds. Commissioner Harlan: Wherever it comes from?

Mr. Hobbs: Yes, sir; on our line.

Commissioner Harlan: If it comes from Banks it is five cents?

Mr. Hobbs: If it comes from Banks, we usually ship it over the Iron Mountain by the way of Warren.

Commissioner Harlan: You would not ship it over the Rock

Island?

Mr. Hobbs: No, we could not from Banks.

Commissioner Harlan: Why not?

Mr. Hobbs: Because they are located at Banks also.

Commissioner Harlan: You mean the Rock Island would get it and you would not?

Mr. Hobbs: Yes, sir. If we would get it from there, we would have to solicit it, or route it by way of Warren and

the Iron Mountain.

Commissioner Harlan: You do not get any of that traffic?

Mr. Hobbs: Yes, sir, we do.

Commissioner Harlan: You solicit it and get it?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: And you carry it by way of the Iron Mountain?

Mr. Hobbs: Yes. sir.

Commissioner Harlan: And get five cents per 100 pounds?

Mr. Hobbs: I believe that is what we get.

Commissioner Harlan: What is the carload weight usually?

Mr. Hobbs: It runs from 40,000 to 50,000 pounds on yellow pine, usually: sometimes heavier or lighter.

Commissioner Harlan: And you would get five cents out of the rate of 14 cents to Memphis; is that right?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: How much traffic do you get from the farmers on your line?

Mr. Hobbs: Not a great deal.

Commissioner Harlan: Any cotton?

582 Mr. Hobbs: Most of the cotton in the vicinity of our line is hauled to the towns by the farmers on their wagons, where it is sold to the merchants, and then the merchants in turn sell it to the cotton buyers, who ship it. We get all we can of it. Commissioner Harlan: It does not amount to very much?

Mr. Hobbs: Yes, sir, about 5,000 or 6,000 bales per year; not on our line, however; that is on the two lines.

Commissioner Harlan: What other line do you mean?

Mr. Hobbs: The Iron Mountain and our line at Warren and the Rock Island and our line at Banks,

Commissioner Harlan: You participate in the movement of about

5.000 bales?

Mr. Hobbs: Well, we have not for the last two years. We have done that well in years past, but-

Commissioner Harlan: What division do you get on that?

goes to Memphis, does it not?

Mr. Hobbs: No, to Little Rock. We get ten cents per 100 pounds. Commissioner Harlan: Out of the through rate of what?

Mr. Hobbs: I cannot state what it is.

Commissioner Harlan: What is the extent of your pas-583 senger traffic?

Mr. Hobbs: What way?

Commissioner Harlan: How many passengers a month do you carry?

Mr. Hobbs: Well, I should judge we carried about 3,000 or 4,000

passengers a month.

Commissioner Harlan: What proportion are employees of the lumber companies?

Mr. Hobbs: I do not know; there is no distinction made between them and anybody else.

Commissioner Harlan: They pay their way, just as others do?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: Do you issue tickets?

Mr. Hobbs: Do you know about what your passenger revenue is per month?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: What is it?

Mr. Hobbs: It runs right around \$1,200 a month.

Commissioner Harlan: What about your express revenue a month?

Mr. Hobbs: Well, it is from \$30 to \$50 a month.

584 Commissioner Harlan: Can you give us a general idea of your monthly revenue from all sources except your trackage agreement traffic?

Mr. Hobbs: You mean the pay we get for the trackage of the lumber companies?

Commissioner Harlan: Yes, sir; from all sources except the traffic

from the two lumber companies, on the logs.

Mr. Hobbs: Do you mean exclusive of the finished product?

Commissioner Harlan: No, exclusive of the logs you haul from the lumber companies, what is your monthly revenue?

Mr. Hobbs: Well, of course it varies. You mean gross revenue? Commissioner Harlan: Perhaps we will get at it a little differently. What is their average gross revenue from all sources?

Mr. Hobbs: I should judge it is about \$5,000 to \$6,000 a month. Commissioner Harlan: What part of that do you get from your

trackage agreements with the lumber companies?

Mr. Hobbs: I should say probably from \$400 to \$1,000 a month. Commissioner Harlan: And what part of it comes from the general merchandise that you haul for the lumber com-585 panies?

Mr. Hobbs: I have no idea. We do not keep any separate account

of what they ship or any other merchants ship.

Commissioner Harlan: Do you not settle with the lumber companies on some monthly basis?

Mr. Hobbs: No, we settle with them the same as any other mer-

chants.

Commissioner Harlan: On delivery of the freight? Mr. Hobbs: Some merchants we settle with weekly.

Commissioner Harlan: Can you ascertain about what the lumber companies pay you monthly?
Mr. Hobbs: Yes, sir, I think so.

Commissioner Harlan: I wish you would do that. Pick out four months since your general offices were destroyed; four fairly typical months.

Mr. Hobbs: That is, revenue on freight received?

Commissioner Harlan: Freight received, or outbound freight for the lumber companies, under class and commodity rates, and not under the trackage agreements.

Mr. Hobbs: All right.

Commissioner Harlan: How many employees have you in your general offices? 586

Mr. Hobbs: One beside myself.

Commissioner Harlan: How many men have you in your train and track crews?

Mr. Hobbs: Well, we have sometimes very few, and sometimes a great many.

Commissioner Harlan: Well, what is a fair average?

Mr. Hobbs: I should judge about 15 or 25 trackmen; six to 12 train and enginemen.

Commissioner Harlan: They are all carried on the books of your

company?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: Do they do any work of any kind for the lumber companies?

Mr. Hobbs: Nothing only the switching we would do for any other shipper.

Commissioner Harlan: Do they load on the logs on the cars, or

participate in the loading of the logs on the cars?

Mr. Hobbs: We do not have anything to do with the logs at all. We do not touch them.

Commissioner Harlan: The lumber company operates its own trains with its own crews?

Mr. Hobbs: Yes, sir, under our own jurisdiction. 587 Commissioner Harlan: Under your own jurisdiction?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: As to the running of the trains, and that sort of thing?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: But your company does not participate in the delivering of the logs or unloading at the pond?

Mr. Hobbs: No.

Commissioner Harlan: The lumber of these two companies is sent to the general lumber markets?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: And there competes with lumber of other companies?

Mr. Hobbs: It competes with lumber of other companies, and

they compete with one another.

Commissioner Harlan: They compete with one another, and these two companies compete with the small people along your line? Mr. Hobbs: Yes, sir.

Commissioner Harlan: Who haul their lumber to you in wagons? Mr. Hobbs: Yes, sir. There is one thing I would like to mention; you asked me about the lumber that was shipped over 588

our line by other than the two lumber companies interested in the line. In the past year we have made a connection with the Saline River Railway, or rather, they have made it with us. That is a small line, I think owned by another mill company, and there are through rates from Draughon, Arkansas, on the Cotton Belt in connection with our line, and the Rock Island, to several interstate points, and we handle some lumber that way.

Commissioner Harlan: How much does that amount to per year?

Mr. Hobbs: It has not been running a year yet. Commissioner Harlan: Well, a month?

Mr. Hobbs: It has been running, I should say, 18 or 20 cars a month lately; but the car situation has not been so we could furnish them the cars they could use.

Commissioner Harlan: Does most of your manufactured lumber

go out from Warren over the Iron Mountain?

Mr. Hobbs: No, sir; I would not say most of it. Most of it goes whichever way the cars are furnished.

Commissioner Harlan: Then taking it in that way, does the Rock Island get the bulk of your traffic, or the Iron Mountain? 589

Mr. Hobbs: I should judge it is about equally divided. Commissioner Harlan: Is there any contract which requires you or the lumber companies to divide it equally?

Mr. Hobbs: There is a contract with the Rock Island that requires

us to give them fifty per cent if the service is equal.

Commissioner Harlan: I understand these logs come in over the Rock Island to Banks and then from Banks to the mill near Warren?

Mr. Hobbs: Some of them do and some they are getting off their

own lines, the lumber companies are.

Commissioner Harlan: We will take the Rock Island first. At

what distance do they come from on the Rock Island?

Mr. Hobbs: The Arkansas Lumber Company is now hauling 21 miles over the Rock Island, and the Southern Lumber Company has been hauling, I believe, five or six miles.

Commissioner Harlan: Do the lumber companies run their own

trains over the Rock Island—I believe you said they did?

Mr. Hobbs: Yes, sir.

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Commissioner Harlan: Have either of those lumber companies logging roads connecting with the Warren & Ouachita Valley?

Mr. Hobbs: One connection.

Commissioner Harlan: Does that run to the south of that

road or to the north of it?

Mr. Hobbs: It leaves our line to the west, and crosses the Rock Island main line and goes south or southwesterly.

Commissioner Harlan: What is the extent of that logging road?

Mr. Hobbs: I think it is about ten or twelve miles long now; it is a new line.

Commissioner Harlan: That is operated by—

Mr. Hobbs: By the two lumber companies.

Commissioner Harlan: Do logs belonging to other lumber companies move over that logging road?

Mr. Hobbs: Not that I know of.

Commissioner Harlan: Does the Rock Island bring onto your line through Banks logs belonging to any other lumber company?

Mr. Hobbs: No, sir.

Commissioner Harlan: Does the Rock Island bring onto your line through Banks any general merchandise?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: From the south?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: Does it bring onto your line any manufactured lumber through Banks?

Mr. Hobbs: There might be a car once or twice a year.

Commissioner Harlan: It is rather an infrequent movement?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: Then I understand, Hr. Hobbs, that these logs on the Rock Island are hauled for one company about 20 miles to Banks and then by you for 15 miles, say, to the mill?

Mr. Hobbs: Fourteen or 15 miles; yes, sir.

Commissioner Harlan: Fourteen or 15 miles to the mill, and then at least half of the manufactured product is hauled back 14 or 15 miles to the Rock Island?

Mr. Hobbs: I should judge about half; yes sir.

Commissioner Harlan: But you say it is more than half.

Mr. Hobbs: Sometimes it is more, and sometimes less; it will

probably average up half.

Commissioner Harlan: And the logs which are produced on the lumber road belonging to these two companies are hauled in the same manner to their mills and at least about half of it is hauled back to the Rock Island?

Mr. Hobbs: The total amount of tonnage, I should say, is

592 divided about that way.

Commissioner Harlan: And you get from the Rock Island and the Iron Mountain the same allowances or divisions?

Mr. Hobbs: Practically the same, I should think.

Examiner Burchmore: There is filed with the Commission a copy of the contract dated November 5, 1907, between the Rock Island Railroad and the Warren & Ouachita Valley Railway Company. Under that contract which provides for the trackage rights you have referred to for 25 miles south of Banks the consideration is fixed at 75 cents per train mile, as you have stated.

Mr. Hobbs: Yes. sir.

Examiner Burchmore: You stated that the lumber company actually moves these logs over that trackage?

Mr. Hobbs: Yes, sir.

Examiner Burchmore: And that the lumber company moves these logs from Banks to its mill under trackage rights over the Warren & Ouachita Valley?

Mr. Hobbs: Yes, sir.

Examiner Burchmore: The consideration is 15 cents per 1,000 feet of lumber?

Mr. Hobbs: Yes, sir.

593 Examiner Burchmore: Stated in terms per train, what does that equal?

Mr. Hobbs: It depends a great deal on the size of the train; they haul pretty heavy trains; sometimes as many as 45 cars of logs in a train and I should figure it would run between 50 and 60 cents a train mile, if figured down to feet.

Commissioner Harlan: Can you figure that out in cars, what the

revenue of a car would be?

Mr. Hobbs: No, I cannot; they vary in size, you know, and I do not know just what they have in their cars.

Examiner Burchmore: That 75 cents per train mile rate is for a train of 30 cars?

Mr. Hobbs: Limited.

Examiner Burchmore: And trains longer than 30 cars are proportionately higher rates?

Mr. Hobbs: Yes, sir, on the Rock Island.

Examiner Burchmore: What would be the charge per train of 30 cars under this 15 cent rate?

Mr. Hobbs: It would depend upon what they had in the cars.

Examiner Burchmore: An average car?

Mr. Hobbs: Well-

594 Examiner Burchmore: Seventy-five cents or \$1.00?
Mr. Hobbs: No, it would not be that much, I do not think.
I think it would average, as I said, between 50 and 60 cents, or thereabouts.
That is, of course, just estimated.

Mr. Andrews: You said 50 or 60 cents a train mile. He is ask-

ing you about a car, for the total distance.

Mr. Hobbs: Is that what you want? Examiner Burchmore: I said a train of 30 cars. Mr. Hobbs: You mean the rate per train mile?

Examiner Burchmore: This is the rate per train mile.

Mr. Hobbs: That is Rock Island trackage.

Examiner Burchmore: I meant in terms per train mile for 30

Mr. Hobbs: Based on our rate?

Examiner Burchmore: Based on your 15 cents. I wanted to get

the relation between the two rates.

Mr. Hobbs: It would run about \$20.25 for the 14 mile haul. You understand there is also an empty haul back, so that would have to be divided by two, to get the average train miles.

Commissioner Harlan: I do not quite understand that. Who pays that and to whom and what is it? You have just given

595 the figure of \$20.25. I did not catch the question.

Mr. Hobbs: He asked me what it would amount to per train mile at the rate we charge them, for 30 cars, and I told him a train of 30 cars ordinarily would amount to about \$20.25.

Commissioner Harlan: Paid by the lumber company to you?

Mr. Hobbs: To the Warren & Ouachita Valley Railroad. And

that would figure quite close to 70 or 75 cents per train mile.

Examiner Burchmore: Does the lumber company pay the Rock Island or pay your company for the trackage over the Rock Island rails?

Mr. Hobbs: It pays our company.

Examiner Burchmore: And your company pays the Rock Island?

Mr. Hobbs: Yes, sir.

Examiner Burchmore: What is the result of that transaction to the Warren & Ouachita Valley Railway, does it make a profit out of the transaction, or a loss?

Mr. Hobbs: We lose our time.

Examiner Burchmore: You come out about even financially?

Mr. Hobbs: We come out exactly even financially.

Examiner Burchmore: Are you familiar with the terms of this contract referred to?

Mr. Hobbs: Yes, sir.

Examiner Burchmore: One of the provisions of that contract permits the Warren & Ouachita Valley Railroad Company to assign its rights and privileges thereunder, or assign the benefits to the Southern Lumber Company or the Arkansas Lumber Company for their trackage on their logging trains.

Mr. Hobbs: Yes, sir.

Examiner Burchmore: It forbids the assignment to any other

companies or corporations other than those two lumber companies?

Mr. Hobbs: Yes, sir.

Examiner Burchmore: Are you familiar with the original construction of this railroad?

Mr. Hobbs: Only from hearsay.

Examiner Burchmore: Do you know in what way the material entering into the original construction was delivered at Banks or at Warren; in what way it was moved in?

Mr. Hobbs: I presume it was moved in over the Iron Mountain:

that was the only railroad there was there.

Examiner Burchmore: The Rock Island was not yet constructed?

597 Mr. Hobbs: No. sir.

Examiner Burchmore: Do you know whether customarily a legal interstate rate of freight was paid on those rails and other material entering into the construction of the railroad?

Mr. Hobbs: I have no idea. The road was started by private

parties.

Examiner Burchmore: Were the rails and fastenings out of which this road was constructed transported by the Iron Mountain to the junction points under special rates filed to take care of those movements, if you know?

Mr. Hobbs: I could not tell you. Do you mean the last rails? Examiner Burchmore: Well, the first or the last; any of them.

Mr. Hobbs: They were handled under an interstate rate, all that have been put in since I have been there.

Examiner Burchmore: Was it a special rate published to take care

of those movements?

Mr. Hobbs: Not specially that I know of; no, sir. We have a rate on rails and fastenings from different points, and that is the tariff which was used. It is still in effect, and has been, I guess,

for several years.

598 Commissioner Harlan: Has your road declared any dividends?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: State what they were for the last three years.

Mr. Hobbs: I don't remember previous to last year. Commissioner Harlan: What was it last year?

Mr. Hobbs: I think it was ten per cent last year; I am not positive as to that, although that can be shown, but I think it was ten per cent.

Commissioner Harlan: Do you remember what it was the year

before?

Mr. Hobbs: I do not remember.

Commissioner Harlan: I wish you would find that out. I suppose our records would show it, but you can find it out very readily.

Mr. Hobbs: All right. For the last three years?

Commissioner Harlan: Well, we will say since the road was built.

Mr. Hobbs: The road never started doing any business until five
years ago.

Commissioner Harlan: Then for the last five years.

Examiner Burchmore: One of the articles of the contract heretofore referred to provides that the use of the tracks of the Rock Island Company under the trackage arrangement is expressly limited to the hauling of logs and logging trains for this lumber company and also of material entering into the construction of logging railroads and supplies, tools, equipment and employees connected with the logging railroad, and logging operations. Was the purpose or result of this provision in this contract to enable this railroad or the lumber company to receive its rails and other material at a less rate of freight than it would otherwise pay?

Mr. Hobbs: No, sir.

Examiner Burchmore: What was the purpose of that provision? Mr. Hobbs: Well, the trackage right, I presume was granted in order to help them log their mill and to provide revenue for the Rock Island Railroad at the same time; that is what it covers, the material used in logging operations. Of course they do not ship anything in like that. They use their rail one place and haul it to another.

Examiner Burchmore: But in hauling or moving that rail from one point to another, instead of paying the Rock Island Railroad a rate of freight per 100 pounds on such movements, you pay

simply 75 cents per train mile for the trains on which that material is loaded?

Mr. Hobbs: I have never moved any.

Examiner Burchmore: You referred to the recent connection of the Saline River Railroad with your road.

Mr. Hobbs: Yes. sir.

Examiner Burchmore: Do you know what divisions the Saline River Road receives on traffic moving out from points on that railroad to interstate destinations, lumber traffic?

Mr. Hobbs: I think it is three cents per 100 pounds.

Examiner Burchmore: On traffic moving from a point on the Saline River Railroad over that railroad and thence over your railroad, and thence over a trunk line to an interstate destination, what are the divisions received by your company and by the Saline River Railroad?

Mr. Hobbs: I think they receive three cents and we receive two cents per 100 pounds, where we receive five cents, and where it is

less, it is in proportion.

Examiner Burchmore: In other words, where the movement now goes over your rails, in addition to the Saline River, the earnings of the trunk lines are not decreased, but you split the tap line division?

601 Mr. Hobbs: Yes, sir; we split the division.

Commissioner Harlan: Whose equipment brings traffic over the Saline River Railroad to your road and thence to Warren or Banks?

Mr. Hobbs: Do you mean locomotives or cars? Commissioner Harlan: Locomotives and cars. Mr. Hobbs: The Saline River Railroad handles their own freight, and whosever cars they can get.

· Commissioner Harlan: There is no transfer of cars?

Mr. Hobbs: No.

Commissioner Harlan: Or merchandise?

Mr. Hobbs: They do not handle merchandise.

Commissioner Harlan: Your locomotives do not go on their rails or theirs on yours?

Mr. Hobbs: No, not for that. They have a trackage right over our road, the same as the Arkansas & Southern Lumber Companies.

Commissioner Harlan: To your mills?

Mr. Hobbs; No. to theirs.

Commissioner Harlan: What lumber company owns that company?

Mr. Hobbs: I think the Saline Lumber Company.

Commissioner Harlan: Are your people interested in that?

602 Mr. Hobbs: No.

Commissioner Harlan: So far as you know it is wholly independent?

Mr. Hobbs: Yes, sir.

Examiner Burchmore: Reference has already been made to the provision in this same contract requiring the Warren & Ouachita Valley Railroad to deliver to the Rock Island at least 50 per cent of the traffic moving to Rock Island territory. Who has the routing of this lumber traffic? That is, is the routing controlled by the Warren & Ouachita Valley Railway, or is it controlled by the lumber companies?

Mr. Hobbs: Under the present law, it is controlled by the lumber

companies.

Examiner Burchmore: As a matter of fact, and not as a matter of law, who specifies the routing on these shipments; an official of the lumber company or of the railroad company?

Mr. Hobbs: Sometimes their bills of lading show routings, and sometimes they do not; and when they do not, we route them as we

see fit, giving them the best rate there is.

Examiner Burchmore: The point is this, the Warren & Ouachita Valley has bound itself to deliver 50 per cent of the traffic to the Rock Island?

603 Mr. Hobbs: Yes, sir.

Examiner Burchmore. In order that it may be enabled to comply with that undertaking, does it not retain control of the routing of this traffic, as a matter of fact?

Mr. Hobbs: We can do that by the cars we furnish; if we furnish cars furnished us by the Rock Island, we must load them via the Rock Island. We require that and every other railroad does.

Examiner Burchmore: Then as a matter of fact, the Warren & Ouachita Valley Railroad does control the routing of traffic originating on its road?

Mr. Hobbs: As far as its junctions; yes, sir.

Examiner Burchmore: I mean it controls it with respect to which trunk line shall haul it out?

Mr. Hobbs: Yes, sir.

Examiner Burchmore: Is any amount of stock in the Warren & Ouachita Valley Railway owned by any trunk line railroad official?

Mr. Hobbs: I do not think so. I do not know of anybody who

owns any of it.

Commissioner Harlan: Did you ever hear of any such ownership?

604 Mr. Hobbs: I know there is none.

Commissioner Harlan: Have you ever had any personal injury suits?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: By employees of the railroad company? Mr. Hobbs: Yes, sir.

Commissioner Harlan: Resulting in verdicts or judgments?

Mr. Hobbs: Yes, sir. We paid \$10,000 last year. Examiner Burchmore: Who paid \$10,000?

Mr. Hobbs: The Warren & Ouachita Valley.

Examiner Burchmore: Have there been any such suits against the lumber companies for injuries sustained on the railroad?

Mr. Hobbs: I never heard of anybody. If anybody was hurt on the railroad, they would sue the Warren & Ouachita Valley Railroad.

Commissioner Harlan: Well, they might, but has anyone made

the mistake of suing the lumber companies?

Mr. Hobbs: I never heard of it. We have an indemnity contract with them, however, that we will hold them responsible, or they are responsible, for any accidents of that kind occurring.

Examiner Burchmore: Suppose a person was injured on one of these logging trains of the lumber company; they

would not sue the railroad company?

Mr. Hobbs: Very likely, if they were on the railroad.

Examiner Burchmore: But the lumber company would indemnify the railroad?

Mr. Hobbs: Yes, sir; that is the contract we have with them. Examiner Burchmore: Has your company any track scales for weighing carload shipments?

Mr. Hobbs: Yes, sir.

Examiner Burchmore: How many?

Mr. Hobbs: One.

Examiner Burchmore: You have small platform scales for weighing wagon loads or less than carload traffic?

Mr. Hobbs: Yes, sir; local merchandise.

Examiner Burchmore: Are your trains run on a regular schedule?

Mr. Hobbs: Yes, sir.

Examiner Burchmore: How many trains have you each way a day?

Mr. Hobbs: One passenger, and one mixed train each way daily.

Commissioner Harlan: Judge Cowan, have you any questions?

Mr. Cowan: How far is it from your tracks, where you load the

lumber into the cars, to where you deliver the lumber to the Iron Mountain road?

Mr. Hobbs: I said about a mile and a half from one mill and about a mile from the other.

Mr. Cowan: My question had reference to the place at which the lumber was loaded. I thought it might be a different place from where the mill is.

Mr. Hobbs: That might be, too. I do not know exactly the distance, but we have to haul it out of that track anyway; it is hauled at least a mile and a half.

Mr. Cowan: Does the Iron Mountain have any tracks to the lumber company's mills?

Mr. Hobbs: No.

Mr. Cowan: Does the Rock Island have any tracks to the lumber company's mills?

Mr. Hobbs: No, sir.

Mr. Cowan: What does it cost to perform the service of the switching of the lumber from the place where it is loaded by the lumber company to where it is delivered to the railroad company?

Mr. Hobbs: I could not tell you exactly.

Mr. Cowan: Can you approximate about what that service

costs?

Mr. Hobbs: That depends on how many cars you have to move.
Mr. Cowan: Do you have any general idea about what such services cost?

Mr. Hobbs: The reports made to the Commission show what it costs to handle freight per ton per mile. I do not remember what it is.

Mr. Cowan: Of course you would not estimate switching on the basis of a ton per mile movement.

Mr. Hobbs: You have to base it on everything you handle.

Mr. Cowan: It would depend on the number of cars the switch engine handles per day, more than anything else. You have to pay for the cost of this engine, whether it is handling cars or not.

Mr. Hobbs: And you have to operate it tomorrow for nothing

perhaps. I don't remember exactly.

Mr. Cowan: Your railroad keeps no accounts to show separately what it costs for switching independent of other track operation or transportation service?

Mr. Hobbs: No.

608 Mr. Cowan: What does it cost to build a railroad like the one you have?

Mr. Hobbs: It would cost at the present time about \$310,000 to equip it.

Mr. Cowan: What does it cost actually to build per mile in that locality; the character of road you have?

Mr. Hobbs: To build it in the way our road is built?

Mr. Cowan: Yes.

Mr. Hobbs: I should say from \$6,000 to \$10,000; maybe a little more.

Mr. Cowan: Do you keep separately the cost of the maintenance of the railroad?

Mr. Hobbs: We keep our books according to the Commission's

orders.

Mr. Cowan: So your annual reports will show all that?

Mr. Hobbs: Yes, sir.

Mr. Cowan: In all cases the lumber company performs the service of loading and unloading. The railroad company does not do that?

Mr. Hobbs: No, sir, only on local shipments on less than car-

load shipments.

Mr. Cowan: On L. C. L. business?

Mr. Cowan: The \$10,000 you had to pay for personal injuries, was that actually paid by the railroad company or the lumber companies?

Mr. Hobbs: Paid by the railroad company.

Mr. Cowan: Was it recouped or paid over, then, by the lumber company to the railroad company?

Mr. Hobbs: We have never got anything I know of from them

for it.

Mr. Cowan: It happened, then, independently of the lumber company's operations?

Mr. Hobbs: Yes, sir.

Mr. Cowan: Is there any obligation in such cases for the lumber company to stand any part of the loss?

Mr. Hobbs: I do not know anything about the lumber company.

I only run the railroad, and I have to pay whatever it costs to run it.

Mr. Cowan: I was wondering if there was any obligation for them

to pay. You said you never had received anything.

Mr. Hobbs: No, there is no obligation for them to pay anything the railroad loses.

Mr. Cowan: You said you get on every car going out on the Iron Mountain a division of the rate. On lumber, I mean.

610 Mr. Hobbs: Yes, sir.

Mr. Cowan: Do you get any division over the Iron Mountain on any other traffic than lumber?

Mr. Hobbs: Yes, sir.

Mr. Cowan: And do you get it on any traffic originating at the same locality as your lumber mills?

Mr. Hobbs: I do not know of anything that originates there but

lumber. I never heard of anything.

Mr. Cowan: There is nothing originates at Warren that your line would handle but lumber?

Mr. Hobbs: Near Warren; not in connection with the Iron Mountain; no.

Mr. Cowan: If there was anything that originated in the way of traffic at Warren, it would be delivered to the Iron Mountain team tracks or depots?

Mr. Hobbs: It would, if I could not get it delivered to mine.

Mr. Cowan: Outside of lumber, do you have any place at Warren where you can take traffic and get a division from the Iron Mountain for handling it?

Mr. Hobbs: I would not give it to the Iron Mountain, but to the Rock Island.

611 Mr. Cowan: And haul it across the other way?

Mr. Hobbs: Yes, sir.

Mr. Cowan: Suppose you got it at Banks, would you deliver it to the Rock Island up there?

Mr. Hobbs: No, to the Iron Mountain. Mr. Cowan: Back to the Iron Mountain?

Mr. Hobbs: Yes.

Mr. Cowan: So this road is an institution which hauls to the Iron Mountain from the Rock Island and from the Iron Mountain to the Rock Island for a division of the rate?

Mr. Hobbs: The road was built for profit, and we hope to make

one.

Mr. Cowan: And it makes it by moving the freight the farthest way around for the nearest way haul?

Mr. Hobbs: That is a part of my business.

Mr. Cowan: Well, do you hold that as an inducement to each one of these roads to give you the division that you get?

Mr. Hobbs: Why, they know the business there as well as I do.
Mr. Cowan: Do they solicit the business on these divisions; do
they endeavor to get you a haul for example—

Mr. Hobbs: No, sir, I do that myself. Everything I get from Banks has got to be in competition with the Rock Island. 612 and everything I get from Warren has got to be in competi-

tion with the Iron Mountain; it costs something to get that, and we get some division, necessarily.

Mr. Cowan: You handle a good deal of other people's business than the lumber company's from Banks to Warren and from Warren to Banks?

Mr. Hobbs: About 50 per cent of our earnings are other than that

furnished us by the lumber companies.

Mr. Cowan: Is that 50 per cent handled from Warren to Banks and Banks to Warren?

Mr. Hobbs: It is handled over our line somewhere.
Mr. Cowan: But you get a lot of it in the interior?

Mr. Hobbs: We do not get much in the interior; it is practically all in the termini.

Mr. Cowan: Except passengers?

Mr. Hobbs: Yes, sir.

Mr. Cowan: And 50 per cent of that would be hauled from one terminal to the other?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: You say you have issued \$284,000 capital stock?

Mr. Hobbs: Yes, sir.

613 Commissioner Harlan: And your road, you think cost from \$6,000 to \$10,000 to build?

Mr. Hobbs: That is just to build the dump and lay the track.

Of course it has been ballasted and put in shape.

Commissioner Harlan: How much do you think it cost with the ballast?

Mr. Hobbs: I could tell exactly with the reports, but could not tell without them.

Commissioner Harlan: The road, with the equipment, did not cost \$284,000, did it?

Mr. Hobbs: Yes, sir; it cost more than that.

Mr. Cowan: In regard to the company traffic that is handled for the lumber companies, independent of the output of the mills, I suppose they get a large amount of supplies and materials of one kind and another. Where do you take that from? Do you get any of that at Warren?

Mr. Hobbs: Yes, sir.

Mr. Cowan: From the Iron Mountain?

Mr. Hobbs: No. Well, we might, destined to some point on our line. Do you mean local freight or carload freight?

Mr. Cowan: Any sort of freight that is consigned to the lumber companies.

Mr. Hobbs: Yes, sir; we have through rates to all of our stations in connection with the Iron Mountain.

Mr. Cowan: You do not understand me. The lumber company receives a large amount of supplies and materials of various sorts, delivered by your line to the lumber companies.

Mr. Hobbs: Well, they receive it at our station, usually,

Mr. Cowan: And they get most of it at the station where the mill is?

Mr. Hobbs: I do not say most of it. Some of it they get there and some at Warren station.

Mr. Cowan: Do you get a division on that when it is delivered to the company at Warren, over the Iron Mountain?

Mr. Hobbs: No.

Mr. Cowan: But if it comes over the Rock Island from Banks you do?

Mr. Hobbs: Yes, sir.

Mr. Cowan: How is this material brought in there; does it not all come in, the commissary supplies, and all that, on the Rock Island? Mr. Hobbs: The majority of it does; yes, sir.

Mr. Coleman: The line started at Warren originally, did it

not?

615 Mr. Hobbs: Yes, sir.

Mr. Coleman: And extended how far?

Mr. Hobbs: I think two and a half or three miles.

Mr. Coleman: And then was there a logging road connecting that into the woods at right angles?

Mr. Hobbs: I am not able to say.

Mr. Coleman: What was the next extension?

Mr. Hobbs: I do not know when the next extension was,

Mr. Coleman: At the time when your knowledge begins, what was the end of the Warren & Ouachita Valley Railway?

Mr. Hobbs: It was eleven miles long.

Mr. Coleman: And that made it how far from Banks?

Mr. Hobbs: Five miles.

Mr. Coleman: At the end of that eleven miles, you had a logging road extending at perhaps right angles into the woods?

Mr. Hobbs: The lumber companies, I presume, had-one of

them I know did.

Mr. Coleman: That is what I mean. You received from the Iron Mountain a division of the through rate at that time on lumber?

Mr. Hobbs: Yes, sir.

Mr. Coleman: Can you recall what that was?

616 Mr. Hobbs: No.

Mr. Coleman: Was it less than the one you received from the Rock Island?

Mr. Hobbs: We were not in connection with the Rock Island at that time.

Mr. Coleman: Less than the one you now receive? Mr. Hobbs: Well, possibly a little less, not much.

Commissioner Harlan: Can you ascertain what it was?

Mr. Hobbs: I have no records.

Commissioner Harlan: Mr. Jeffery, will you be kind enough to file an exhibit? What was that date, Mr. Coleman?

Mr. Coleman: When the line was five miles from Banks, and

Commissioner Harlan: What was that date?

Mr. Hobbs: I would say it was in January or February, five years

Commissioner Harlan: If you will say, Mr. Jeffery, what divisions or allowances you were paying this line prior to January, 1903, for several years, I wish you would.

Mr. Jeffrey. All right. I suppose I can bring the table right

down to date of the allowances.

Mr. Coleman: Is the logging lines in practically the same position physically—I will put that in another way—geographically, is it in about the same position; does it lie on the same line, about, as it did five years ago?

Mr. Hobbs: No, it has been changed a good many times.

Mr. Coleman: How has it been changed; by extension or twisting the tracks?

Mr. Hobbs: It has been moved.

Mr. Coleman: Which was has it been moved?

Mr. Hobbs: South.

Mr. Coleman: Towards the Iron Mountain? Mr. Hobbs: No, towards the Ouachita River.

Mr. Coleman: About five years ago you extended your line from your junction point with the logging road to Banks, on the Rock Island?

Mr. Hobbs: Yes, sir.

Mr. Coleman: What was it that induced you to build that ad-

ditional mileage of railway?

Mr. Hobbs: Well, I presume it probably had to be built at some time to get timber, and there was a town of 6,000 or 7,000 people, and the Rock Island was building a trunk line through that terri-

tory, and missed the town, and we saw an opportunity to go 618

to it and possibly make something out of it.

Mr. Coleman: Was any inducement made from the Rock Island Railroad, by way of a better division than the Iron Mountain gave you?

Mr. Hobbs: At that time there was no arrangement made until

it was completed.

Mr. Coleman: Was it when it was completed?

Mr. Hobbs: When it was completed we went to them and asked them for a division.

Mr. Coleman: And they gave you a better division than the Iron Mountain?

Mr. Hobbs: Well, a slight increase, possibly

Mr. Coleman: I have in mind what seems to be an inconsistent statement; I may have misunderstood you, but I thought you said the construction of your logging line into the woods did not extend towards the Rock Island, but towards the river.

Mr. Hobbs: It extends beyond the Rock Island, that is now the lumber companies' lines are now all beyond the Rock Island and beyond ours. The lumber companies' lines are all beyond Banks.

Mr. Coleman: That is what I mean. You referred to a

619 mixed train. What is that?

Mr. Hobbs: A train that handles both passengers and freight.

Mr. Coleman: And the passenger train runs at what time?

Mr. Hobbs: The train leaves Warren at 10:10 in the morning.

Mr. Coleman: And goes where?

Mr. Hobbs: To Banks.

Mr. Coleman: What are the people it carries, in the main; lumbermen going up to the woods to work for you?

Mr. Hobbs: They do not any of them go on our trains to work for the lumber companies unless they pay their fare.

Mr. Coleman: Do you issue through bills of lading?

Mr. Hobbs: Yes, sir.

Mr. Coleman: Where are they issued?

Mr. Hobbs: At our open stations, at Warren and Banks.

Mr. Coleman, If for a point on the Rock Island, you would istic it at Warren, to get the long haul?

Mr. Hobbs: Yes.

Mr. Coleman: And if for the Iron Mountain, you would issue it at Banks?

Mr. Hobbs: If it came from Banks we would. We would not otherwise.

620Mr. Coleman: That is all.

Mr. Andrews: And it would not be for the Iron Mountain if it did not come from Banks, would it?

Mr. Hobbs: No, it might come from some other point on our line

Mr. Jeffery: Your line does not commence on the main line of the Iron Mountain?

Mr. Hobbs: No

Mr. Jeffery: But it is on the east and west line of the Warren branch?

Mr. Hobbs: Yes, sir,

Examiner Burchmore: This contract which has been referred to several times, dated November 5, 1907, section 2 of article 4 provides that the Rock Island Company grants to the Warren & Ouachita Valley Company the right to take up the said connection between the two companies and take up all material included in the same, and to remove the same from time to time to such points on the portion of the railroad the use of which is granted as may be necessary or convenient to the business of the Warren Company, as the timber along the line may be exhausted. A provision of the

same wording is contained in the contract between the Warren & Ouachita Valley Railway and the Saline River Railway Company, dated January 7, 1909, which is also filed

with the Commission?

Mr, Hobbs: Yes, sir.

Examiner Burchmore: The purpose of those provisions, if you know; is it to permit these lumber roads to move along as the timber becomes exhausted and change their line from time to time?

Mr. Hobbs: That is what it is for; yes, sir.

Examiner Burchmore: So that they are not intended to be permanent lines of railroad, in one location?

Mr. Hobbs: No, sir.

Mr. Cowan: Is it claimed that such roads as that are common carriers? Do you claim that is a common carrier?

Mr. Hobbs: We have no such line, and I do not know anything

about it.

Commissioner Harlan: You are putting a hard question to this witness.

Examiner Burchmore: Do you receive any coal for use along your line?

Mr. Hobbs: Yes, sir.

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Examiner Burchmore: What use is made of that coal?

Mr. Hobbs: Burned in engines.

Examiner Burchmore: And where is that coal stored?

Mr. Hobbs: We have a coal bin to store it. I guess, as all the rest of the people who get coal.

Examiner Burchmore: At what point, I mean.

Mr. Hobbs: Our coal bin is at Cloquet.

Examiner Burchmore: Intermediate between Warren and Banks? Mr. Hobbs: Yes. sir.

Examiner Burchmore: Where does that coal come from?

Mr. Hobbs: Various points; some from Illinois, Arkansas, Kentucky and Indiana.

Examiner Burchmore: What freight is charged on the coal moving from Illinois?

Mr. Hobbs: \$2.65 a ton, I think, is the rate.

Examiner Burchmore: What division of that rate is received by the Warren & Ouachita Valley?

Mr. Hobbs: I think we receive 271/2 cents a ton.

Examiner Burchmore: About the same division applies on Kentucky coal?

Mr. Hobbs: On all coal.

Examiner Burchmore: No coal is used by the lumber companies?

Mr. Hobbs: No, except they burn coal in their locomotives.

Commissioner Harlan: Do you supply the countryside with

Mr. Hobbs: There is very little coal burned there. There are dealers who furnish coal for people who want coal.

Commissioner Harlan: You do not sell any of it?

Mr. Hobbs: No.

Examiner Burchmore: Who owns the right of way on which this road is built?

Mr. Hobbs: The Warren & Ouachita Valley Railroad Company. Examiner Burchmore: The land is not owned by the lumber companies?

Mr. Hobbs: No, not the right of way. There may be some outside of it, but not the right of way.

Mr. Coleman: Is the right of way owned in fee by the railroad?

Mr. Hobbs: Yes, sir.

Mr. Coleman: From whom did it acquire title?

Mr. Hobbs: From different people?

Mr. Coleman: Not from the lumber company?

Mr. Hobbs: Some of it, yes, sir.

Mr. Scott: Do you receive any shipments from the Saline River Railway of commodities other than lumber?

624 Mr. Hobbs: I believe we have received a little cottonseed, chiefly.

Mr. Scott: From what point was that?

Mr. Hobbs: New Edinburg.

Mr. Scott: That is a town on the Saline River Railway?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: Is not that the terminus of the Saline River Railway?

Mr. Hobbs: No. sir: I think not. I know it is not.

Commissioner Harlan: Is there not a logging road which runs south of New Edinburg?

Mr. Hobbs: I think it is run by the railroad; I think they are operating trains over it.

Commissioner Harlan: New Edinburg is south of Saline?

Mr. Hobbs: Yes.

Commissioner Harlan: There is no other railroad connection except the Saline River Railroad?

Mr. Hobbs: No.

Examiner Burchmore: What is the name of the junction point of the Saline River Railroad and the Warren & Ouachita Valley?

Mr. Hobbs: Glenn.

625 Examiner Burchmore: Where is that, with reference to New Edinburg?

Mr. Hobbs: I should judge about 15 miles.

Examiner Burchmore: That is now the terminus of the Saline River Road?

Mr. Hobbs: Yes, sir.

Commissioner Harlan: That seems to be all.

(Witness excused.)

626 Commissioner Harlan: Did we have any appearance vesterday for the Arkansas Southeastern?

(No response.)

Commissioner Harlan: Then we will call the Doniphan, Kensett

& Searcy.

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Mr. Scott: I will be ready to take that up Monday. I sent a telegram in pursuance of my conversation with you last night.
Commissioner Harlan: The El Dorado & Western.

Mr. Gaughan: That is Mr. Walter's case.

Commissioner Harlan: Little Rock, Maumelle & Western.

Mr. Mehaffy: We have wired for one witness who is coming on

the train, and the other witness has gone to meet him.

Commissioner Harlan: Mr. Hobbs, will you be kind enough to furnish a map of your road, showing its connections with the Rock Island at Banks and with the Iron Mountain at Warren, and also showing the relation of the mills with each road and the switch tracks?

Mr. Hobbs: Yes.

Commissioner Harlan: Have it drawn somewhat to scale, so that the distances will all appear clearly and definitely.

Mr. Hobbs: Yes, sir. I would like to ask you also if it is going to be necessary for my counsel to come here now. Is there anything you are going to want of me or our road?

Commissioner Harlan: Not if you will furnish all we have asked you to furnish. If we want any further information we will advise you or your counsel.

The Perla Northern Railway?

Mr. Armistead: I appear for that company. The offices of that company are in St. Louis. I was advised that the Perla Northern is not interested in the question of divisions, because the lumber that is hauled over its road, on which it has been getting a division of the interstate rate, will be cut out and it will cease to get such divisions before the suspension of cancellations in these cases matures and I have nothing to offer, and nothing further to say. As I stated before, I do not want to be taken as absolutely certain in that, but of course if the cancellations are suspended, they will not get a division.

Commissioner Harlan: After your statement the Commission will

take it as certain that the divisions will be given up.

The Round Pond Terminal Company. Is there any one here that represents the Round Pond Terminal Company in Arkansas?

(No response.)

Tremont & Gulf Railway Company.

Commissioner Harlan: The Tremont and Gulf.

Mr. Garwood: We are ready to proceed, your Honor. Commissioner Harlan: How many witnesses have you? Mr. Garwood: We have about three or four or five.

Commissioner Harlan: If they can all arise now and be sworn. (Whereupon the several witnesses were duly sworn.)

H. W. SEAMAN was called as a witness, and having been duly sworn, testified as follows:

Commissioner Harlan: You reside in Chicago, Illinois?

Mr. Seaman: Yes, sir.

Commissioner Harlan: And are a railroad man?

Mr. Seaman: Yes, sir.

Commissioner Harlan: How long have you been connected with the operation of railroads?

Mr. Seaman: For 20 years.

Commissioner Harlan: And with what railroad are you now connected?

Mr. Seaman: With the Tremont & Gulf. Commissioner Harlan: In what capacity?

Mr. Seaman: As president.

629 Commissioner Harlan: Do you happen to remember when that road was chartered?

Mr. Seaman: It was incorporated under the laws of Louisiana December 18, 1907.

Commissioner Harlan: How long have you been connected with 119

Mr. Seaman: Since its organization.

Commissioner Harlan: When was that road built?

Mr. Seaman: Built, part of it, prior to 1907, but during 1906 and 1907 and 1908.

Commissioner Harlan: In other words, there was no track on its present right of way until 1906, and from that time its construction

went forward to completion?

Mr. Seaman: There was a small railroad starting from Tremont about 12 miles south, but after it was concluded to make a railroad of it, with grade and alignment, practically the old railroad was abandoned and a new line constructed so as to put it on a standard railroad basis.

Commissioner Harlan: What is its northern terminus?

Mr. Seaman: Tremont.

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Commissioner Harlan: And the southern terminus? Mr. Seaman: Winnfield.

Commissioner Harlan: Has it any branch lines? Mr. Seaman: It has one to Dodson, a connection with the Rock Island, and from Menefee to Pyburn, where it makes a connection with the Rock Island, and from Menefee to Rochelle, where it makes a connection with the St. Louis & Iron Mountain.

Commissioner Harlan: The Pyburn branch is what you first referred to as the Dodson?

Mr. Seaman: Yes, sir. Pyburn and Dodson are practically the same town.

Commissioner Harlan: That is on the west of your main line?

Mr. Seaman: Yes, siz.

Commissioner Harlan: Rochelle is east of your main line?

Mr. Seaman: Yes, sir.

Commissioner Harlan: What is the distance from Menefee to

Pyburn?

Mr. Seaman: I think about 12 miles, although I can give that definitely, and the distances are all given in the paper which I have furnished your Honor, exactly.

Commissioner Harlan: You have spoken about a line that extended some 12 miles south of Tremont, a temporary line.

631 Mr. Seaman: Yes, sir.

Commissioner Harlan: That was afterwards re-aligned and re-graded and made a part of the Tremont & Gulf. When was

that line built?

Mr. Seaman: I do not know. It was built by the old Tremont Lumber Company, which was composed of Mr. Gardner, of the Northwestern, and a number of northern people who sold out. The line was of very small value, and was simply a logging line.

Commissioner Harlan: The Tremont Lumber Company had a

mill at that time at Tremont or near Tremont?

Mr. Seaman: Yes,

Commissioner Harlan: Has it a mill there now?

Mr. Seaman: It has just been abandoned; there is a small cutting up plant there, but that will be abandoned.

Commissioner Harlan: Did it own forests around Tremont?
Mr. Seaman: It did.

Commissioner Harlan: South or north of Tremont?

Mr. Seaman: East and west, but not north, to amount to anything.

Commissioner Harlan: It owned on either side of this logging road, then?

632 Mr. Seaman: Yes, sir If you will examine—where is the black book you have there? That shows the location of the forests.

Commissioner Harlan: The witness here refers to a map entitled a map showing land and timber holdings of the Southern Investment Company, Winn Parish Lumber Company and Louisiana Lumber Company, Limited. I observe that map contains no reference ap-

parently to the Tremont Lumber Company—

Mr. Seaman: The Tremont Lumber Company now owns all the lumber featured on that map. At the time the contract to which the map you have in your hand had reference was made, the lumber was all owned by the three companies, the Louisiana Lumber Company, Southern Livestment Company and Winn Parish Company. Since that time, however, they have sold all their lumber and lands to the Tremont Lumber Company.

Commissioner Harlan: And all of these colored portions on this map indicate timber lands that formerly belonged to these three companies and later to the Tremont Lumber Company.

Mr. Seaman: The Tremont Lumber Company formerly owned

the mill only and bought the stumpage.

Commissioner Harlan: I suppose much of this timber has 633 been lumbered and cut off.

Mr. Seaman: Some of it.

Mr. Cowan: May I inquire if there are copies of that map which could be furnished for the record?

Commissioner Harlan: Have you copies?

Mr. Seaman: I have no copies of that map. We could get it. I will see that you get one.

Mr. Cowan: It ought to be in the record.

Mr. Garwood: I will introduce that book as a part of the record.

It has a great many of the ordinances—

Commissioner Harlan: I don't know that we want this book

attached to the record.

Mr. Seaman: You already have it filed with the Commission.

Commissioner Harlan: Including the map?
Mr. Seaman: Yes, sir, a duplicate of that book

Commissioner Harlan: Very well, then this book and the maps in it will be considered as a part of the record for reference by counsel and the Commission. What is the capital of the Tremont & Gulf, authorized and issued?

Mr. Seaman: The authorized capital is \$5,000,000 Commissioner Harlan: The outstanding capital?

Mr. Seaman: \$2,000,000.

634 Commissioner Harlan: Have you any bond issue?

Mr. Seaman: \$1,550,000 issued; \$5,000,000 authorized.

Commissioner Harlan: What is the length of the line, including the branches?

Mr. Seaman: 113,87 miles.

Commissioner Harlan: What was the actual cost of constructing

the line and purchasing the equipment?

Mr. Seaman: The right of way and tracks, \$1.609,771.85; buildings, fixtures, and so forth: I haven't that separate, but sufficient to bring the total up to \$1.851.582.22.

Commissioner Harlan: What part of that expenditure was made while you were president of the company?

Mr. Seaman: Nearly all of it.

Commissioner Harlan: And you know that to be the actual cost of the line and its equipment?

Mr. Seaman: Yes, sir: to the best of my belief.

Commissioner Harlan That amounts to about \$22,000 a mile?

Mr. Seaman: Yes, sir.

Commissioner Harlan: What equipment have you?

Mr. Seaman: We have one class C Baldwin engine, 35 tons, one class C engine purchased from the C. B. & Q., 40 tons, two class C Baldwin engines, 74 tons each: passenger equipment, one coach, two combination coach and baggage: freight equipment, 148 box car manufactured by Haskell & Barker 60,000

pounds capacity each; 50 flat cars, Haskell & Barker, 80,000 pounds capacity; four cabooses, one combination caboose, three box cars. 60,000 capacity, four flat cars, 60,000 capacity, a ditcher plow, drivers, various tools and equipment, all of which is shown upon the schedule which has been furnished you.

Mr. Cowan: Are the flat ears logging cars?

Mr. Seaman: No, sir: we have no logging equipment.

Commissioner Harlan: You mentioned the fact that you have some passenger car equipment.

Mr. Seaman: Yes, sir.

Commissioner Harlan: Do you run passenger cars over the line?

Mr. Seaman: Yes, sir, regularly.

Commissioner Harlan: On regular schedules?

Mr. Seaman: Yes, sir.

Commissioner Harlan: How many trains each way a day?

Mr. Seaman: If you will ask that of our traffic manager, please, he will give it to you definitely and accurately.

Mr. Garwood: There is one train each way each day.

636 your Honor.

Commissioner Harlan: We will get at those details from the traffic manager. I observe, Mr. Seaman, that Mr. D. G. Joyce is vice-president.

Mr. Seaman: Yes, sir.

Commissioner Harlan And J. S. Joyce is secretary.

Mr. Seaman: Yes, sir.

Commissioner Harlan, A. P. Tugwell treasurer.

Mr. Seaman: Yes.

Commissioner Harlan J. B. Fick, auditor.

Mr. Seaman: Yes, sir.

Commissioner Harlan: Then those same men are directors, and Mr. Jenks, Mr. Stubbs, Mr. Patterson and Mr. Hume.

Mr. Seaman: Yes, sir.

Commissioner Harlan: Is the stock of this road owned substantially by those men?

Mr. Seaman: It is owned by the Southern Investment Company, except sufficient to qualify the directors.

Commissioner Harlan Where was that company organized?

Mr. Seaman: Maine,

Commissioner Harlan: And under your charter what is the general scope of its functions and operations?

637 Mr. Seaman: To own stock and bonds and lands, and do a general business, and it has power to own stocks and bonds. Commissioner Harlan: Are you an officer of that company?

Mr. Seaman: I am not.

Commissioner Harlan Have you some familiarity with its details?

Mr. Seaman Only in a very general way.

Commissioner Harlan: Is it engaged in any way through other companies in lumbering operations?

Mr. Seaman: Yes, sir; it owns the capital stock of the Tremon: Lumber Company. Commissioner Harlan: Any other companies?

Mr. Seaman: No, sir.

Commissioner Harlan: Any mills?

Mr. Seaman: No, sir.

Commissioner Harlan: Does it directly own any lumber lands?

Mr. Seaman: It does not.

Commissioner Harlan: Does it own any other railroads?

Mr. Seaman: It does not.

Commissioner Harlan: Has it any other business so far as you know, except the lumber business, through the ownership of the capital stock of the Tremont & Gulf?

Mr. Seaman: I am not advised as to that. They have

been practically a holding company.

Commissioner Harlan: Do you know what the capital stock of the Tremont Lumber Company is?

Mr. Seaman: I do not.

Commissioner Harlan: Are there any other lumber mills on the line of the Tremont & Gulf?

Mr. Seaman: Yes, sir.

Commissioner Harlan: I observe here the Tremont Lumber Company is indicated as having a mill property at Tremont. That, you say, has lately been abandoned?

Mr. Seaman: Practically so; yes, sir,

Commissioner Harlan: Then it is put down on this map as having interstate at Eros, which is a station south of Tremont.

Mr. Seaman: Tremont, Eros, Pyburn and Rochelle, Commissioner Harlan: What about Jonesboro?

Mr. Seaman: And Jonesboro.

Commissioner Harlan: It has wills at all those points?

Mr. Seaman: Yes, sir; the mill at Pyburn has practically been abandoned; it has three live mills, Jonesboro, Eros, and Rochelle.

Commissioner Harlan: You are not manufacturing lum

her at Pyburn or Tremont?

Mr. Seaman: Not at the present time.

Commissioner Harlan: How lately were they given up as going concerns?

Mr. Seaman: Within the last year.

Commissioner Harlan | Are there any other mills at Pyburn or Tremont?

Mr. Seaman: I am not advised as to that, but our traffic manager

could furnish you with all the details.

Commissioner Harlan: Then I observe the Haynes Lumber Company. Cornie Stave Company and Lemore & Company are also named on this map as having some interests at Chatham.

Mr. Seaman: Also G. H. Hughes

Commissioner Harlan: Is he a lumber man also?

Mr. Seaman: I presume so.

Commissioner Harlan Are there mills at Chatham?

Mr. Seaman: No. sir: only small mills,

Commissioner Harlan: What operation does the Haynes Lumber Company carry on there?

Mr. Seaman: I could not tell you. I know they are there.

and our traffic manager will give you all the details. 640

Commissioner Harlan: You are not advised, then, as to the number of mills and the character of the lumber interests on your line?

Mr. Seaman: Not in sufficient detail to testify.

Commissioner Harlan: And all the statistics relating to the traffic and extent and character of it, I suppose, can be had from some

Mr. Seaman: Yes, sir. This statement presents in detail all the

statistics that you would perhaps require.

Commissioner Harlan: Well, this typewritten statement marked Tremont & Gulf, I suppose, may be filed of record as an exhibit to this witness's testimony.

Mr. Garwood: Yes.

(The statement so offered and identified was received in evidence and thereupon marked Tremont & Gulf Railroad Exhibit No. 1, witness Seaman, received in evidence December 10, 1910, and is attached hereto.) ..

Commissioner Harlan: Has your company been paying divi-

Mr. Seaman: It has not.

Commissioner Harlan: It has paid the interest on its 541 bonds?

Mr. Seaman: Yes, sir.

Commissioner Harlan: What is the interest, the rate, I mean?

Mr. Seaman: Five per cent on \$1,550,000.

Commissioner Harlan: Has it any other liens of that character? Mr. Seaman: There are none.

Commissioner Harlan: Has it any accumulated surplus?

Mr. Seaman: No, sir; as fast as money has been made, it has been put into the purchase of additional equipment and facilities for the road.

Commissioner Harlan: Well, it has been earning its operating

expenses and more.

Mr. Seaman: It has been earning its interest on its bonds. There has been a deficit, as shown by the statement, from operation at different times. The net results have not shown the cost of operation plus the interest on the bonds, and the fixed charges,

Commissioner Harlan: Of course all the trains operated over the

Tremont & Gulf are operated by that company.

Mr. Seaman: No. sir.

Commissioner Harlan: Are there any outstanding track-642 age rights?

Mr. Seaman: Yes, sir.

Commissioner Harlan Tell us about those. Who has any trackage rights over your line?

Mr. Seaman: The Tremont Lumber Company has trackage rights

under a traffic and trackage agreement, whereby they use our line or any portion of it for the purpose of transporting their logs in their own trains and by their own equipment over our line to their various mills

Commissioner Harlan: And with their own crews?

Mr. Seaman: And with their own crews.

Commissioner Harlan: Of course, under the supervision of your operating officers?

Mr. Seaman: We train despatch them; yes, sir.

Commissioner Harlan: Is that agreement in writing?

Mr. Seaman: Yes, sir.

Commissioner Harlan: Has it been filed with the Commission?

Mr. Seaman: It has.

Mr. Cowan: That is in the book you refer to?

Mr. Seaman: Yes.

643 Commissioner Harlan: Can you state in just general terms what the Tremont & Gulf pays you, either by the month or by the year, for that right?

Mr. Seaman: They pay us nothing.

Commissioner Harlan: Do you mean the contract does not call for any payment?

Mr. Seaman: It calls specifically for free trackage rights.

Commissioner Harlan: What was the consideration passed to the Tremont & Gulf for that free trackage right?

Mr. Seaman: The furnishing to the Tremont & Gulf Railway Company of its entire in and out bound tonnage, particularly the tonnage arising from 250,000 odd acres of timber land,

Commissioner Harlan: What is the general character of its inbound tonnage?

Mr. Seaman: The railroad, you mean?

Commissioner Harlan: No. of the Tremont Lumber Company. I understand you to say that in consideration of the agreement on the part of that shipper to route all of its inbound and outbound tonnage over your line, you give it free trackage rights over your line?

Mr. Seaman: Let me correct one statement, possibly. This does not provide for the routing of the inbound tonnage 15.11 specifically. It has special reference to the tonnage arising from the timber lands, a schedule of which is attached to the trackage and traffic agreement.

Mr. Garwood: The 13th paragraph of the agreement

Commissioner Harlan: That arrangement is expressed in paragraph 13 on page 203 of the book entitled "Corporate Records and Proceedings of the Tremont & Gulf Railway Company,

Mr. Seaman: Yes, sir.

Commissioner Harlan, Which has already been filed with the Commission.

Mr. Seaman: Yes.

Commissioner Harlan: I would like to understand that a little more fully. Here is a shipper that operates its own trains over your line, and apparently such a considerable tonnage that the railroad company was willing to give it a free trackage right. Now, just how does that result to the financial benefit of your company?

Mr. Seaman: By receiving the tonnage arising from the timber

on the land mentioned in these schedules.

Commissioner Harlan: For illustration, the Tremont Lumber Company has a mill at Eros?

645 ber Company has a mill Mr. Seaman: Yes, sir.

Commissioner Harlan: It takes out logs at or near that point or from some distant point, and carries them to its mills.

Mr. Seaman: The Tremont Lumber Company have as much railroad of their own as the Tremont & Gulf Railway Company has.

Commissioner Harlan: Now, the logs are brought into that mill by the Tremont Lumber Company over its logging road or over

your line.

(5.16)

Mr. Seaman: Over its logging roads, which of course are changed from time to time, and wherever it is necessary to attach them to our main line they do so, and take up the distance from the end of their line to the mill to which the logs are destined by operation over our tracks.

Commissioner Harlan: We will assume a movement of logs over their logging road to your main line at some point south of Eros,

carried thence in its own trains to its mill at Eros?

Mr. Seaman: Yes.

Commissioner Harlan: Now, it has a free trackage over your line to the mill?

Mr. Seaman: Yes.

Commissioner Harlan: At just what point of time and how does that movement accrue to your financial advantage?

Mr. Scaman: After they have manufactured the lumber and

loaded it for shipment outbound.

Commissioner Harlan: Then you move it from Eros to what

point ordinarily?

Mr. Seaman: Depending upon the connection, whether to the V. S. & P. or Tremont or various lines, Winnfield or to the Iron Mountain at Rochelle, depending upon the territory to which it may be destined.

Commissioner Harlan: We will take a Rock Island local point;

you will move it south to Winnfield?

Mr. Seaman: Yes, sir, because we have switch engines there and can handle it to advantage.

Commissioner Harlan: Well, to Winnfield: that is a distance of

what?

Mr. Seaman: Of under 40 miles; 38 to 40 miles.

Commissioner Harlan: Now, you bill it out at Eros to some through point over the Rock Island.

Mr. Seaman: Yes, sir,

647 Commissioner Harlan: Under a joint through rate.

Mr. Seaman: Yes. Commissioner Harlan: On what basis is your division established

to Rock Island local points?

Mr. Seaman: If you will kindly ask that of our traffic manager?

Commissioner Harlan: Very well.

Mr. Seaman: I can give it to you generally, but he can give it to

you definitely.

Commissioner Harlan: Well, that is illustrative, then, of the use made by the Tremont Lumber Company of your tracks under the free trackage rights that this contract gives it?

Mr. Seaman: Yes, sir.

Commissioner Harlan: And is illustrative of the financial benefit you get on their manufactured lumber?

Mr. Seaman: Yes.

Commissioner Harlan: Is there any other revenue accruing to the railroad company in any form from the Tremont Lumber Company?

Mr. Seaman: No, sir.

Commissioner Harlan: Under the trackage rights which this contract gives to the Tremont Lumber Company have they the right to haul the logs of other shippers over your line without paying anything to you?

Mr. Seaman No, sir, except the logs may be manufactured, as in one instance, and the manufactured lumber turned over-to us for shipment. There has recently, or is now building at Winnfield, a

plant-

Commissioner Harlan: Let us pursue this inquiry a little farther. and then I would like to have the explanation. As a understand your statement and this contract, the Trement Lumber Company, under its trackage arrangement with the Tremont & Gulf Railroad Company, has no right to haul any logs except these belonging to it,

Mr. Seaman. That is all; or to conduct any business of any character along the line except that with reference to the transportation

of its own logs,

Commissioner Harlan And, as a matter of fact, does it haul the traffic of any one else?

Mr. Seaman: It does not.

Commissioner Harlan You say there is one exception to that general rule?

Mr. Seaman: Well, it is hardly an exception. The Mansfield Lumber Company has expended about \$125,000 or \$130,000 15.151 in the erection of a plant, which is not quite complete, at

Winnfield, to saw up the hard wood timber which is intermingled with the pine timber on the acreage belonging to the hunber company, and the lumber company deliver that on their own equipment to the Mansfield Hard Wood Lumber Company.

Commissioner Harlan The Tremont Lumber Company makes

those logs on its own land?

Mr. Seaman: I do not know what they do between themselves as to that. The title to the logs does not pass until they reach Winnfield and their mill. Whatever way the logging is handled, I do not know.

Commissioner Harlan : However, the logs come, whether from the lands of the Tremont Lumber Company or not, they are brought into Winnfield free of charge, so-far as your railroad is concerned?

Mr. Seaman: They can only come from the lands of the Tremont

Lumber Company.

Commissioner Harlan: And they are brought in free of charge by the Tremont Lumber Company to Winnfield under this trackage arrangement?

Mr. Seaman: Yes.

Commissioner Harlan: And there, so far as you are ad-650 vised, the title passes to the Mansfield Hard Wood Lumber Company ?

Mr. Seaman: Yes, sir.

Commissioner Harlan: Do you know who owns the stock in that

company?

Mr. Seaman: I do not definitely, except I would state to you that the Tremont & Gulf Railway or the Tremont Lumber Company has no interest whatsoever in it; it is entirely distinct-

Commissioner Harlan: Is it owned directly or indirectly by the

Southern Investment Company?

Mr. Seaman: It is not, they have no interest in it. It is an in-

dependent company.

Commissioner Harlan: The Southern Investment Congany, you said, is owned substantially by the men who own this railroad company?

Mr. Seaman: Yes, sir-no, not by the men. The Southern In vestment Company, as a distinct corporation, owns the stock of the

Tremont & Gulf Railway Company substantially.

Commissioner Harlan: It is the general understanding that the Joyces own the Southern Investment Company.

Mr. Seaman: Well, they are only one of a great many.

Commissioner Harlan: Well, they are very largely inter-651 ested?

Mr. Seaman: They are very largely interested.

Commissioner Harlan: So far as you know, have the Jovces and any other stockholders in the Southern Investment Company any interest directly or indirectly in the Mansfield Hard Wood Lumber Company?

Mr. Seaman: They have none whatsoever.

Commissioner Harlan: Has the Tremont & Gulf given any other

free trackage rights to lumber people over its line?

Mr. Seaman: No. They are willing to do so, however, exactly on the terms stated in this contract, provided they can comply: there are those who can, and if they should apply, they would get the same terms.

Commissioner Harlan: Is it consistent with the laws of the state in which this company operates to allow any one to move traffic over its line without charge?

Mr. Seaman: I do not think it is inconsistent.

Commissioner Harlan: Is it done under any special authority of the State Commission or statute?

Mr. Seaman: Not particularly. I do not know of any prohibition in the statutes.

Commissioner Harlan: Are there other lumber interests 652 that have logging lines connected with the Tremont & Gulf? Mr. Seaman: No. sir.

Commissioner Harlan: Well, take the Winn Lumber Company, which is noted as having a mill at or near Womack on your line, does it lumber its own forests?

Mr. Seaman: Yes, sir.

Commissioner Harlan: Is that true of the Carnie State Com-Dan't ?

Mr. Seaman: Yes, sir.

Commissioner Harlan: The Southern Lumber Company?

Mr. Seaman: Yes, sir.

Commissioner Harlan: G. H. Hughes?

Mr. Seaman: Yes.

Commissioner Harlan: The Haynes Lumber Company?

Mr. Seaman: Yes.

Commissioner Harlan: In other words, none of these lumber companies noted on this map of the Tremont & Gulf are lumbering lands belonging to the Tremont Lumber Company?

Mr. Seaman: No.

Commissioner Harlan: Or the allied interests of that company? Mr. Seaman: No.

6553 Commissioner Harlan: Do you know the extent of their holdings?

Mr. Seaman: 1 do not.

Commissioner Harlan: Or the location of them?

Mr. Seaman: Well, it is contiguous to the various towns in which they are operated.

Commissioner Harlan. They haul their legs by wagon to these mills?

Mr. Seaman. I do not know; I think so.

Commissioner Harlan: Are the mills on your line?

Mr. Seaman: Yes.

Commissioner Harlan. Or is there a switching movement? Mr. Seaman No, the mills are on our line or contiguous.

Commissioner Harlan: Practically on your line?

Mr. Seaman: Yes, sir.

Commissioner Harlan. How far on the east of your line do the woods and forests of the Tremont Lumber Company extend?

Mr. Seaman: That is shown on the map, your Honor, fully. Commissioner Harlan Very well. You do not know anything about the details of the divisions of your line?

Mr. Seaman: No, only in a general way. That the traffic man can answer.

654 & 655 Commissioner Harlan! Has the Tremont & Gulf any other sources of revenue than the movement of lumber for the Tremont Lumber Company, and the other industries on its line, besides passenger and mail?

Mr. Seaman Well, it does a large general business at Winnfield

and various connecting points

Commissioner Harlan: You mean a general transportation business?

Mr. Seaman: Yes.

Commissioner Harlan: Are there any other trackage rights out-

standing?

Mr. Seaman: There are none, except that the J. B. White interests, owners of the Ouachita & Northwestern have constructed a track from a connection with the Iron Mountain to a connection with our line between Womack and the line about in that section, and have graded and have their steel there, and they have applied to us for the right to connect there, to get trackage rights into Winnfield so as to connect with the Rock Island and the L. R. & N. and the L. & A.

Commissioner Harlan: Is that an incorporated railroad?

Mr. Seaman: I presume so.

Commissioner Harlan: Owned by a lumber Company?

656 Mr. Seaman: I do not know as to the owner-hip. The grade is completed and the rails and ties are there now, and the road is constructed within a few miles, and in a very short time will be connected up.

Commissioner Harlan: Is it in operation?

Mr. Seaman: Yes, sir; it is in operation from a point on the St. Louis, Iron Mountain & Southern to within a mile or two.

Commissioner Harlan: Have you agreed upon any trackage rights?

Mr. Seaman: We have substantially, but not in all the details.

Commissioner Harlan: Not formally?

Mr. Seaman: No.

Commissioner Harlan: All the details have not been worked out?

Mr. Seaman: No.

Commissioner Harlan: But in general, does it involve a free movement of the logs from the junction to Winnfield?

Mr. Seaman: No. sir; it would mean that they expect to haul not

logs, but the finished product.

Commissioner Harlan: Where is their mill, near your line?

Mr. Seaman: No. it is on the Iron Mountain Railroad? I do not know the exact location of their mill, whether it is on the Iron Mountain or back there. They are very large operators

Commissioner Harlan: Now, their mill is on the Iron Mountain at what point?

Mr. Seaman: I do not know,

Commissioner Harlan: Do they own some forest between the Iron Mountain and the Tremont & Gulf?

Mr. Seaman: I do not know whether the railroad does, but-Commissioner Harlan: Well, the lumber company that owns it? Mr. Seaman: Yes, sir.

Commissioner Harlan: Is that where the lumbering operations are going on?

Mr. Seaman: Yes, sir; they have no interests and no mills along our line.

Commissioner Harlan So they would move the logs to the south-

east to their mill near the Iron Mountain, and the finished product would come back from the mill to the junction with your line?

Mr. Seaman: That portion of it that they wanted to ship over these various lines of road.

658 Commissioner Harlan: And then it would be hauled south to Winnfield and thence to destination?

Mr. Seaman: Yes, sir. The question is whether they should haul that as an intermediate line, or whether we should permit them, having it once entrained, to haul it down with their own engines and equipment, which would be a far preferable proposition. We would be obliged to charge them a rate which would be difficult to ascertain at various times, whereas, if they were allowed to haul their full trains, it would be on a train mile basis, probably. There are times when the individual roads are powerless to furnish equipment: take, for instance, the Rock Island or the Iron Mountain, or any of the roads, have peculiar conditions on their own lines, and do not want to furnish the equipment: if they have connection with but one line, their operations are closed. It is absolutely necessary to get connections with more than one line, so that the operations may be continuous.

Commissioner Harlan: So that if one cannot operate, the other can?

Mr. Seaman: And there are points of destination on the various other lines, which can be reached to far greater advantage.

Commissioner Harlan: To sum up your statement in a general way, I understand that since the Tremont & Gulf was opened, the Tremont Lumber Company has enjoyed a free movement of logs over your road to any of its mills?

Mr. Seaman: Yes, sir.

Commissioner Harlan Wherever the logs may have been produced?

Mr. Seaman: Yes, sir.

Commissioner Harlan: Provided they were produced on lands belonging to it?

Mr. Seaman Yes.

Commissioner Harlan: And that there is some movement in the trains of the Tremont Lumber Company to Winnfield for the Mansfield Hard Wood Lumber Company.

Mr. Seaman: The logs, however, belong to the Tremont Lumber Company, and all the product from those logs must be delivered back

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Commissioner Harlan: Do I understand that you stand ready to give a similar right of free trackage over your line to the logs of any other lumber company, produced at some point, and that require a hand over your line in order to reach the mill of the owner of the logs?

Mr. Scaman: Yes, sir, when they comply with the same conditions and under similar circumstances to those under which the Tremont Company's logs move.

Commissioner Harlan Will you describe in a general way what

are the general circumstances and conditions which you have in mind?

Mr. Seaman: The company furnished us with a large portion of

our right of way.

Commissioner Harlan: We will assume that another company has not the opportunity, because your right of way has already been

furnished.

Mr. Seaman: I do not think we would stop on that; we would be very glad if we could get the outbound tonnage, and they operate substantially as a railroad, as the Tremont Lumber Company do, which has 20 engines and are highly organized, and we would be very glad to furnish anybody with free trackage, provided we secured all the outbound tonnage from their forests.

Commissioner Harlan: Do I understand that the Tremont Lum-

ber Company operates the chartered railroad?

Mr. Seaman: No, sir, but they operate better than the majority of small railroads. They have nearly 100 miles of track.
20 engines or about that number, from 18 to 22 engines, and they are train dispatched by us and are a very highly organized organization.

Commissioner Harlan: You do not mean to say, then, that another company have a substantially equal mileage or be substantially

as well organized in order to secure this free trackage?

Mr. Seaman: No, sir, we would not allow every Jim Crow organization that did not know how to operate a train and understand the train rules and perform the proper functions, we would not permit them to operate on our line; if that became necessary we would, if we could secure the consent of the Tremont Lumber Company, avoid this trackage arrangement and put in a train mile arrangement, which we have already considered, and have had printed.

Commissioner Harlan: Under your contract with the Tremont Lumber Company, have you the right to give free trackage to any

other lumber company without its consent?

Mr. Seaman: Yes, sir,

Commissioner Harlan: You have?

Mr. Seaman: Yes, sir, specifically in the contract.

Commissioner Harlan: Does it not come to this, then, that you would not give free trackage to any lumber company that was not large enough to operate lumber trains?

Mr. Seaman: That is about right: yes, sir; unless they could operate on a schedule and would not be liable to cause accidents and damage and danger to our track and to our operation.

Commissioner Harlan: In other words, there are conditions that surround the right of anyone else to have a free movement of logs

over your road?

Mr. Seaman: Well, only the ordinary business conditions that would move anyone in considering it.

Commissioner Harlan: Well, the small fellow would not get the

rate, would he?

Mr. Seaman: He would if he could operate his own cars and trains, and would operate on a schedule. We do not want any one

breaking in on our track at any moment, or at any time, and unless he does so under train schedules, with the proper despatch.

Commissioner Harlan: There are forests on the east and west

of your track that are owned by other people?

Mr. Seaman: Yes, sir,

Commissioner Harlan: Outside interests?

663 Mr. Seaman: Yes, sir.

Commissioner Harlan: And of course the wood that stands there on the stump is as valuable as the wood of the Tremont Lumber Company?

Mr. Seaman: Yes, sir.

Commissioner Harlan: And if manufactured, it would compete in practically the same markets?

Mr. Seaman: It would not make any difference as to that. Yes,

it would.

Commissioner Harlan: So that the basis on which they might successfully compete, becomes very important, does it not?

Mr. Seaman: I do not quite understand your question.

Commissioner Harlan: Well, if they had to pay for hauling their logs over your track to their mills, and the Tremont Lumber Company does not have to pay you, the latter company would have something of the advantage.

Mr. Seaman: Not a particle. We will haul their logs at a rate that is satisfactory, if they give us the outbound tounage, or else we will charge them a straight rate. The proposition is based on the question of receiving back to us the products of those forests other-

wise we would put in a straight tariff for moving it, the

664 same as the L. & A. or any other railroad.

Commissioner Harlan: But I want to get the thing more specifically. You say there are outside interests here in these woods. Now, it is entirely conceivable that logs may come to your track possibly in a logging train of three or four cars, that have to be moved to some mill on your line.

Mr. Seaman: Yes, sir.

Commissioner Harlan: If that is a small operation, so that it cannot meet the general conditions, you have outlined, you won't give it free trackage, but you charge it a rate on the logs?

Mr. Seaman We will give them free trackage if they will give

us back all the tonnage arising from the logs so moved.

Commissioner Harlan: Suppose they have a mill at Dodson and cannot give you the manufactured tonnage outbound because it is right on the Rock Island tracks.

Mr. Seaman: We are also at Dodson, and if they move it off from our line and move the tonnage through other transportation companies, they cannot secure free trackage on our line.

Commissioner Harlan: Then does it not come to this, that if the owner of the forest there is so situated that he can not give you any outbound tounage of the manufactured lumber, he does

665 not get a service over your line, that is, equipment on the same terms and conditions upon which you offer service to the Tremont Lumber Company.

Mr. Seaman: The fact is, your Honor, that the situation that you have in mind does not exist, as a matter of fact.

Commissioner Harlan: Well, if it did exist, he would get the

same result.

Mr. Seaman: If it did exist, he would get the same result as the Tremont Lumber Company exactly. There are forests there of sufficient magnitude to warrant it. The question has been up, and whenever the people who own that want to lumber it and are willing to give us the outbound tonnage, they will get exactly the same conditions.

Commissioner Harlan: I understand you to say the details of the tonnage and the extent of it will be testified to by the traffic manager.

Mr. Seaman: Yes, sir. I simply want to add one thing. I know at the inception of this railroad enterprise Mr. W. T. Joyce, who is now dead, and who I think you know or know of, was largely interested in railroads, not only lumber railroads, but other railroads, and being largely interested in this large tract of timber, and

seeing the opportunities for investment here, and for the construction of a railroad and the building up of the 250,000 acres of land, he projected this road from Tremont to Winnfield and from Winnfield to Rochelle and from Rochelle to Neches, a distance of 62 miles east of Rochelle. Have you the large map there.

Mr. Garwood?

(Map produced.)

Commissioner Harlan: Well, the road from Rochelle to Neches

has not been built.

Mr. Seaman: No, sir: it has been surveyed. It would have been built if we were certain as to what the Interstate Commerce decision would be. If we are to be classed as a tap line, so-called, the road will not be built. If we are a railroad, as I absolutely know we are, the road will be built. We have made our surveys and we own some timber east of there; but it is agricultural as well as timber, and contains large quantities of stone and gravel, a very valuable country

Commissioner Harlan: Is there any agricultural country upon

the Tremont & Gulf?

Mr. Senman: Yes, sir: very largely.

Commissioner Harlan: Do you move any cotton?

Mr. Seaman: Yes, sir: cotton and peanuts and trains of cattle to New Orleans. We moved 1,200 carloads of stone; there is a little railroad off to a quarry and we are moving 1,200 cars to a connection with the V. S. & P. for railroad construction in Mississippi.

Commissioner Harlan: Is it owned by outside interests?

Mr. Seaman Absolutely.

Commissioner Harlan: Judge Garwood, have you any questions? Mr. Garwood: Yes, a few Your statement shows that the cost of the Tremont & Gulf is approximately \$1,800,000 and more.

Mr. Seaman: Yes.

Mr. Garwood: In your opinion as a railroad man, is that a fair estimate of its actual value as a railroad proposition?

Mr. Seaman. It is.

Commissioner Harlan: Actual value at the time it was built?

Mr. Seaman: Yes, sir.

Commissioner Harlan: You have had a large experience in the building of railroads?

Mr. Seaman: Yes, sir.

Mr. Garwood: What is its maximum grade?

Mr. Seaman: One per cent.

13158 Mr. Garwood: Do you know its maximum curvature? Mr. Seaman: I think it is three and a half or four degrees.

Mr. Garwood: Four degrees is my own recollection.

Mr. Seaman: Four, as I remember.

Mr. Garwood: Its cost will appreximate \$22,000 a mile? Mr. Seaman: Including equipment; yes, sir. Mr. Garwood: What is its weight of steel rail?

Mr. Seaman: 60 pounds.

Mr. Garwood: Is it in all things a standard gauge permanent railway, well equipped with permanent and valuable stations, equipment and all of the modern appliances of a modern railway?

Mr. Seaman: It is.

Mr. Garwood: How is it operated, by telephone or telegraph?

Mr. Seaman: Both.

Mr. Garwood: Both by telegraph and telephone? Mr. Seaman: Yes, sir. Mr. Garwood: Does it own its own telephone system?

Mr. Seaman: It does.

Mr. Garwood: If you know, what is the value of that plant, the telephone plant?

Mr. Seaman: I cannot give you the value. It is shown

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Commissioner Harlan Do you use the wires for public service?

Mr. Seaman: No; we have three wires and four wires, standard telephone lines.

Commissioner Harlan. It cost some \$20,000, is my understand-

Mr. Garwood. That is my recollection. Now, how is the telegraph worked in connection with that; who owns the telegrapis line?

Mr. Seaman: We do. We have both the telegraph and tele phone; we are largely despatching now by telephone

Mr. Garwood: Do you do an express service?

Mr. Seaman: We do. We have a contract with the Wells Fargo Express Company.

Mr. Garwood: Is that contract set out in extenso in your volume of corporate records which you have filed here?

Mr. Seaman; It is.

Mr. Garwood: I will ask that the Commission consider that contract as introduced in evidence. Have you a contract for the earriage of the mail?

Mr. Seaman Yes, sir.

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Mr. Garwood: The Tremont Lumber Company, as such, owns no interest in the railway company?

Mr. Seaman: No.

Mr. Garwood: Nor does the railway company, as such, own any interest in the lumber company?

Mr. Seaman: None whatever.

Mr. Garwood: The community of interests arises solely from the fact that the Southern Investment Company, which has multitudinous stockholders, owns stock in both companies?

Mr. Seaman: Yes, sir.

Commissioner Harlan: May I interrupt there? Is there some document here that shows how much stock the Southern Investment Company owns in each company?

Mr. Seaman: No, sir; I think not. Commissioner Harlan: Can you tell us?

Mr. Seaman: I do not know. They own all the stock in each

Commissioner Harlan: All the stock?

Mr. Garwood: Except such as is necessary to qualify directors. Does the railway company maintain an absolutely separate and independent organization from the lumber company?

Mr. Seaman: It does.

Mr. Garwood: Has it its own independent offices and officers?

Mr. Seaman: Absolutely; there is no employee of the Tremont & Gulf Railway Company that is in any manner an employee of the lumber company, or vice versa.

Mr. Garwood: Are their offices physically separate?

Mr. Seaman: They are.

Mr. Garwood: Does it perform all the functions of a common carrier, both as to holding itself out as such, actually transporting the business and in the issuance of bills of lading intrastate and interstate upon the usual and ordinary forms?

Mr. Seaman: Yes, sir.

Mr. Garwood: Under the laws of the State of Louisiana, it exercises the right of eminent domain?

Mr. Seaman: Yes, sir.

Mr. Garwood: Is it a member of the American Railway Association?

Mr. Seaman: Yes, sir.

Mr. Garwood: Does it conform to the rules and regulations of the Railroad Commission of Louisiana?

672 Mr. Seaman: Yes, sir.

Mr. Garwood: Is it recognized by that official body as a common carrier under the laws of Louisiana?

Mr. Seaman: Yes, sir.

Mr. Garwood: Are its cars and locomotives equipped in accordance with the safety appliance acts of Congress?

Mr. Seaman: Yes, sir.

Mr. Garwood: Can you state whether the State of Louisiana has safety appliance laws?

Mr. Seaman: Yes, sir. Mr. Garwood: Does it conform with those laws?

Mr Seaman : It does.

Mr. Garwood: Does it keep its accounts in accordance with the accounting orders of the Interstate Commerce Commission?

Mr. Seaman: It does.

Mr. Garwood: Does it make its regular reports in accordance with the rules and regulations of the Interstate Commerce Commission?

Mr. Seaman: It does.

Mr. Garwood: Does it make similar reports to the Railroad Commissioner of Louisiana?

Mr. Seaman: Yes, sir.

673 Mr. Garwood: When demanded?

Mr. Seaman: Yes, sir.

Mr. Garwood: I believe you stated there is no officer of the rail road company that is an officer or employee of the lumber company.

Mr. Seaman: That is, active officers, Mr. David Jovce is vice-

president, and Mr. Stanley Joyce, Secretary.

Mr. Garwood: I am referring to the actual conduct of the business.

Mr. Seaman: Yes, actual operation.

Mr. Garwood: Has the railroad company an officer, a traffic man and a full corps of employees necessary to operate the road, with due regard to the rights, safety and convenience of the public.

Mr. Seaman: It has.

Mr. Garwood: It operates its trains on schedule time?

Mr. Seaman: Yes, sir.

Mr. Garwood: Have you in the town of Winnfield acquired trackage right under ordinances through the streets of that town?

Mr. Seaman: Yes, sir.

Mr. Garwood: Those are given to you under duly enacted 674 ordinances?

Mr. Seaman: Yes, sir.

Mr. Garwood: Some of them. I believe, are in your book of corporate records.

Mr. Seaman: They are all shown in the record.

Mr. Garwood: We will ask that they be considered as introduced in evidence.

Commissioner Harlan: It will be so understood.

Mr. Garwood: Has the railroad company received any public aid, by way of public donation, taxation or otherwise, from any of

the communities through which it runs.

Mr. Seaman: In the town of Winnfield principally, where we established a depot at an expense of \$7,000 and have been a material assistance to them, as is shown by the record this morning, in the Picayune, that largely through our efforts the town of Winnfield has been placed upon a parity with the connection of the Rock Island with the V. S. & P., so that it is now in a fair way to become a large distributing center, which it has gradually been approaching.

Mr. Garwood: What is the population of Winnfield?

Mr. Seaman: I could only guess as to that, but I think abiut 3,500 or 4,000 people. It possibly may be larger.

Mr. Garwood: Largely through the connections afforded

by your road, its competitive influence and its efforts in that direction. Winnfield aspires to become and is to some extent become

ing a jobbing center, is it not?

Mr. Seaman: Rates were put in yesterday by the Commission which will permit them to become a jobbing center. They did do considerable, but they were at a disadvantage with the connecting points on the Rock Island and the V. S. & P. until the order of the Commission was entered yesterday at Shreveport.

Mr. Garwood: One other thing, relative to the trackage contract. I understood you to state to Commissioner Harlan that the two companies have been negotiating relative to a change of that contract.

Mr. Seaman: Yes.

Mr. Garwood: Would you please state how far that negotiation has gone and what are the proposed alterations that are suggested?

Mr. Seaman: Well, as between the lumber company and the railroad company and the Southern Investment Company, as a railroad man, I have proposed that they pay to us a trackage of 35 cents a

train mile, which is the usual trackage agreement, where they furnish their own equipment and power. The trackage agreement in force on the Rock Island at points, and I think upon the Missouri Pacific—that question has proceeded far enough to print the necessary contract, which has been printed. It is simply a modification of section 13 of the traffic and trackage agreement, whereby, instead of free trackage, they are to pay us at the rate of 35 cents per train mile, and with the necessary modifications to fit

that condition.

Mr. Garwood: That is all.

Commissioner Harlan: I neglected to refer to the mills at Jonesboro and Rochelle, of the Tremont Lumber Company, and to their relation to the lines of the regular carriers. How far is the Tremont Lumber Company's mill at Jonesboro from the tracks of the Rock Island?

Mr. Seaman: A plat is attached to this book, giving the exact distance.

Commissioner Harlan: Well, in a general way.

Mr. Seaman: Oh, it is not very far.

Commissioner Harlan: About a quarter of a mile?

Mr. Seaman: About, but it is shown definitely on the plat.

Commissioner Harlan: How far is their mill at Rochelle from the tracks of the Iron Mountain?

Mr. Seaman: About the same distance. The railroad company owns the tracks at all the mills, the lumber company owns no tracks at the mills.

Commissioner Harlan: What allowances or divisions do you get

from the Iron Mountain and Rock Island on manufactured lumber out to interstate points from those mills?

Mr. Seaman: If you will ask that of our traffic manager, he knows

the details.

Commissioner Harlan: What is your highest allowance; do you happen to remember that? Never mind, we will get it from the other witness

Mr. Seaman: I think it is six cents.

Commissioner Harlan: You do get allowances on shipments from those mills, or divisions, as you call them?

Mr. Seaman: Yes, sir. Commissioner Harlan: Does the Tremont & Gulf make any allowances to the lumber company of any kind?

Mr. Seaman: None whatever.

Commissioner Harlan: Does the lumber company, so far as you know, get any allowances from the Rock Island and Iron 678 Mountain?

Mr. Seaman: The lumber company itself?

Commissioner Harlan: Yes.

Mr. Seaman: No, sir, the lumber company has absolutely no tonnage.

Commissioner Harlan: This is not a milling in transit movement of logs to the mill?

Mr. Seaman: No.

Commissioner Harlan: It is merely a local movement.

Mr. Seaman: Yes.

Examiner Burchmore: There is on file with the Commission a contract dated February 5, 1909, between the Tremont & Gulf and the Rock Island System, relating to trackage and maintenance of the connection at Winnfield, I think.

Mr. Seaman: Yes, sir.

Examiner Burchmore: Have you any other contracts with the Rock Island System relating to divisions or rates?

Mr. Seaman: Well, no written contract; no, sir, only we are a

party to their tariffs in the ordinary way.

Examiner Burchmore: Aside from the free trackage rights accorded to the lumber companies, is there any service performed by the Tremont & Gulf Railroad for the Tremont Lumber Com-679 pany without charge?

Mr. Seaman: No, sir.

Examiner Burchmore: There is no free switching performed?

Mr. Seaman: No. sir.

Examiner Burchmore: Does not the Tremont & Gulf Railroad Company perform interwork switching free of charge?

Mr. Seaman: No; we spot our cars and take care of them, and

they perform their own service.

Examiner Burchmore: Has there been in your knowledge in the past any negotiation for the sale of this Tremont & Gulf to the Rock Island or the St. Louis, Iron Mountain & Southern System?

Mr. Seaman: Is that a part of this inquiry?

Mr. Garwood: I presume almost anybody who owns a short line

road would like to sell it, but I think those are matters of more or less private nature, and a business man would scrucely like to go into it. I do not know anything about it, and do not care anything about it.

Commissioner Harlan: We will limit the inquiry in this way. We want to know from this witness whether there are any arrangements that are completed, either with the Rock Island or the Iron

Mountain, and the actual consummation of which will de-680 pend upon the result of the Commission's investigation in this proceeding. That, I think, the Commission is entitled to know.

Mr. Garwood: Of course, your Honor, if there is anything in the shape of an agreement by which a motive might be established for the extension of any improper or peculiar favors, or anything of that sort, it is a matter, of course, which the Commission would have a perfect right to probe to the bottom, and we would have no objection to that line of inquiry, and as a practical matter, I would have no objection to this inquiry except this, I do not know; I have no personal knowledge about the matter one way or the other, but it occurs to me that no business man, if he is dealing with one, two or three, he might be trying to play one against the other; I do not know—

Commissioner Harlan: It was for that reason that I limited the inquiry to executed agreement; that is, agreements that are so far negotiated as to have become fixed and depending for their consummation only upon a condition subsequent to or the result of the conclusions of the Commission in this proceeding.

Mr. Garwood: Whether the Commission does or does not

681 recognize this as a common carrier?

Commissioner Harlan: Yes, or whether it continues or

orders the cancellation of the division.

Mr. Garwood: Now, your Honor will pardon me when I say that I fail to see how that would throw any light upon the proposition whether we are a common carrier or not. If we are a common carrier, the Commission will doubtless hold we are entitled to a division.

Commissioner Harlan: There is undoubtedly force in your proposition, but the other side of it is this, the Commission does not recognize any common carrier has any secrets of its own, if it is under the jurisdiction of the Commission.

Mr. Garwood: Any traffic secrets, I heartily concur, nor have we

any secrets-

Commissioner Harlan: Well, and its relations to other carriers in the form of contracts and agreements, if they are not reduced to writing, is a matter which the Commission has always thought was within its jurisdiction to inquire about.

Mr. Garwood: For instance, I speak with the utmost freedom because I do not know, if we ascertain from this witness on the stand that he is trying to sell to the Frisco or the Rock Island or the

Iron Mountain, possibly our lines would like to get into the game some where, and perhaps we could one way or the other, not wishing to see a good road like the Tremont & Gulf

fall into the laps of our competitors, we might interpose to block the game in some way. I can conceive of such things being done.

Commissioner Harlan: You could not do that if the agreement were executed, and I limited the inquiry to that proposition, whether any negotiation has been carried so far by the Tremont & Gulf with the Rock Island or the Iron Mountain that it will become a consummated transaction, depending on the result of this inquiry. Now, I do not see that that is a matter that a carrier has a right to withhold from the Commission.

Mr. Garwood: Now, what bearing does that have upon the question before the Commission, as to whether we are or are not a com-

mon carrier?

Commissioner Harlan: I will leave you to infer what bearing it may have. It may have a very extensive bearing. If the price paid amounts to a continuation of a division in another form it may be a very vital question, and it may have other significance.

Mr. Garwood: If it is a sale, how could there be a continuance of

a division, when they have lost title?

Commissioner Harlan: We are now talking about the possibility of a continuance in another form to an investment interest of the divisions that they are now enjoying in this form. Now, that seems to me to be clear enough. Do you press your objection to this question?

Mr. Garwood: Solely upon the proposition that it is a matter of private business interests, which has no relevancy or materiality to

the matter before the Commission.

Commission Harlan: I again ask, do you press your objection?

Mr. Garwood: Yes, sir.

Commissioner Harlan: In view of the importance that counsel attaches to the question, I will take the matter under consideration until two o'clock as to what ruling will be made at this time.

Mr. Garwood: It may possibly be we will have no objection to it. I know nothing about the subject matter, and therefore I make the

objection.

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Commissioner Harlan: Perhaps you might confer with the witness and ascertain whether he desires to answer or ascertain whether he has any objection,

Mr. Seaman: I will say we have no executed contracts

which are not on file with the Commission.

Commissioner Harlan: I did not mean contracts which were executed on paper in a formal way, but whether the negotiation has proceeded to an understanding of any kind, whether verbal or in writing that is fixed and depends for its consummation upon the result of this inquiry.

Mr. Garwood: We interpose the objection at this time.

Commissioner Harlan: The question will be reserved until two o'clock.

Examiner Burchmore: Under this contract referred to on page 203 of the book "Traffic and Trackage Agreements," the right is reserved to the Tremont & Gulf Railroad Company to route all traffic furnished by the lumber company?

Mr. Seaman: Yes, sir.

Examiner Burchmore: Is that same reservation contained in the

new contract which is ready for signature?

Mr. Seaman: Yes, sir, except that we always recognize if there is any material difference, as stated in the contract, to the shipper, or if he has a preference, we have always observed it, but if it makes no difference to the Tremont Lumber Company over what route it goes,

we select the routes which will give the best expedition and

685 best results to us.

Examiner Burchmore: The provision in the contract is

subject to some such provision.

Mr. Seaman: No, only they have the right of terminal delivery, and we have the right, there being no difference whatsoever in the rates to the lumber company, the contract specifically provides they reserve the right of terminal routing.

Examiner Burchmore: Was any part of the rail from which the Tremont & Gulf was actually constructed, furnished by any common

carrier with which it connects?

Mr. Seaman: No.

Examiner Burchmore: It was all purchased in the market?

Mr. Seaman: Yes, sir.

Examiner Burchmore: Were those rails moved to the points where used, under a special rate published by the interstate carriers, to apply on such movements?

Mr. Seaman: Yes, sir.

Examiner Burchmore: Were those special rates on the same general basis as the rates usually applied on steel rails?

Mr. Seaman: Yes, sir.

Examiner Burchmore: They were not on an unusually low basis or special basis?

Mr. Seaman: No.

Examiner Burchmore: Did the Tremont & Gulf receive any divisions out of the movement of its own rails?

Mr. Seaman: I believe not. I am not sure, but I think not.

Examiner Burchmore: Rails for new construction or replacements move under joint rates which are participated in by the Tremont & Gulf?

Mr. Seaman: Ordinary material rates,

Examiner Burchmore: Do you know about what those divisions are?

Mr. Seaman: I do not.

Examiner Burchmore: Since the construction of the Tremont & Gulf and during the period since the construction, has the Southern Investment Company itself or through its subsidiary companies increased its land, or timber, or stumpage holdings in this country?

Mr. Seaman: Somewhat from time to time, but I am not familiar

as to that. They are always buying.

Examiner Burchmore: Explain the failure to include in the lines of the Tremont & Gulf Railroad the private railroad operated by the lumber company. 687 Mr. Seaman: The lumber company's roads are being taken up and replaced from time to time at different junction points, operated through the woods in all directions, temporary railroad and not permanent.

Examiner Burchmore: It is only because of its temporary char-

acter that it was kept out of the organization?

Mr. Seaman: No, sir; absolutely the Tremont & Gulf is a railroad, as much as any railroad ever constructed, and the logging roads are logging roads purely for that purpose.

Examiner Burchmore: I understood those logging roads were

of a very high character of construction.

Mr. Seaman: Yes, sir, they are; as far as logging roads go. They have main lines, and branches off of those. The main lines remain for years, and the branches from them are taken up and put down from time to time.

Commissioner Harlan: Judge Cowan, have you some questions? Let me say that I understand from Mr. Garwood that all the details of rate matters and financial details and matters of operation will be

explained by other witnesses.

Mr. Cowan: Yes, I understood that. The only thing I thought of asking Mr. Seaman was if there is anybody here representing the Tremont Lumber Company who could tell us about the affairs of

the Lumber Company. If so, we might want to call them, if

688 they are here.

Commissioner Harlan: Is there any officer or agent of that company here?

Mr. Seaman: There is, as a matter of fact.

Commissioner Harlan: Who is it?

Mr. Seaman: Mr. Carpenter, is here, not as a witness, but as an onlooker.

Commissioner Harlan: If Mr. Carpenter is here, we would like to have him here at two o'clock as a witness.

Mr. Cowan: I do not know that we want to ask anything at this time.

Mr. Coleman: Have you been with the Tremont & Gulf Railroad

ever since it was originally constructed?

Mr. Seaman: Yes, sir-now, one moment. The Tremont & Guli Railway Company is organized, there was the Tremont & Gulf Railroad, a small 12 mile road, owned by other interests which we succeeded. I organized the Tremont & Gulf Railway Company.

Mr. Coleman: The Tremont & Gulf Railroad Company-

Mr. Seaman: Railroad, not company.

Mr. Coleman: Railroad, began at Tremont?

Mr. Seaman: Yes.

689 Mr. Coleman: Extended in a southerly direction for 12 miles.

Mr. Seaman: About 12 miles.

Mr. Coleman: What year was that?

Mr. Seaman: I do not know what time the original road was constructed. It was an old logging road.

Mr. Coleman: When you came in?

Mr. Seaman: In 1907, 1903 and 1907.

Mr. Coleman: Then the Tremont & Gulf Railway began the construction of a road?

Mr. Seaman: Yes, sir.

Mr. Coleman: Still in a southerly direction?

Mr. Seaman: Yes, sir.

Commissioner Harlan: We have been all over that in a general way, and I wish you would remember what we explained. This witness has explained those details. Now, if you have some other facts you want to bring out, you may do so.

Mr. Coleman: I will not be but a minute, if I keep on.

Commissioner Harlan: Very well.

Mr. Coleman: Your mill is at Tremont, the first one? Mr. Seaman: Yes, sir.

Mr. Coleman: How far was the first construction of the 690 railway?

Mr. Seaman: It was constructed continuously, without in-

terruption, as it now stands.

Mr. Coleman: Did you have a mill at Eros?

Mr. Seaman: Yes, sir; that was an old mill, which was taken over and rebuilt by these people when they reached it.

Mr. Coleman: Then you went down to Sikes?

Mr. Seaman: Yes, sir.

Mr. Coleman: At that time the only connection with a trunk line was the Vicksburg, Shreveport & Pacific?

Mr. Seaman: Yes.

Mr. Coleman: Did you go to Jonesboro next?

Mr. Seaman: No. The entire road was constructed throughout. We do not go direct from Sikes to Jonesboro.

Mr. Coleman: The Rock Island operates that track?

Mr. Seaman: Yes, sir.

Mr. Coleman: When did you complete the spur from Pyburn over to Rochelle?

Mr. Seaman: At the same time; it was all built together, the Rochelle line a little later; that is, it happened to be constructed a little later.

Mr. Coleman: When was the Southern Investment Company organized?

Mr. Seaman: I cannot tell you.

Mr. Coleman: No idea?

Mr. Seaman: Oh, years ago.

Mr. Coleman: Before the railroad?

Mr. Seaman: Yes.

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Mr. Coleman: When was the stock of the railroad company transferred to the Southern Investment Company?

Mr. Seaman: At the time it was issued.

Mr. Coleman: The Mansfield Hard Wood Lumber Company, you testified, was given a free haul of its logs down to the mill.

Mr. Seaman: No, sir; I did not so testify.

Commissioner Harlan: No, he said the Mansfield Company got no title to the logs except upon delivery at the mill, but they were hauled there by the Tremont Lumber Company on its trackage

Mr. Coleman: You do not care to mill hardwood lumber up there?

Mr. Seaman: No. sir.

Mr. Coleman: Is not that the reason you let it go down there, so it will clear it up for you?

692 Mr. Seaman: Yes, sir. You speak of me. I have nothing to do with the lumber.

Commissioner Harlan: It is understood your replies refer to the lumber company. Mr. Seaman: I presume so.

Mr. Coleman: When you testified a while ago you would allow any lumber company to run a train over your road on a trackage arrangement similar to the one which the Tremont Lumber Company has with the Tremont & Gulf Railway, your sole condition was that they give you the outbound tonnage? Mr. Seaman: Practically so; yes.

Mr. Coleman: That carried with it, I suppose, the division of the through rates? Mr. Seaman: Yes, sir.

Mr. Coleman: So, if the division of the through rates at Winnfield and Rochelle is six cents per 100 pounds, you meant that that six cents per 100 pounds should accrue to the Tremont & Gulf Rail-Mr. Seaman: Yes, sir.

Mr. Coleman: Does the Southern Investment Company pay a dividend?

Mr. Seaman: I do not know. 693 Mr. Coleman: Who does?

Mr. Seaman: 1 do not know that.

Mr. Coleman: Are you president of that company? Mr. Seaman: I am not. I have no connection with it.

Mr. Coleman: Does the Tremont Lumber Company pay a dividend?

Mr. Seaman: I have no connection with the Tremont Lumber Company.

Mr. Coleman: DoDes the Tremont & Gulf Railway pay a dividend?

Mr. Seaman: It has not. Mr. Coleman: Never has?

Mr. Seaman: No.

Mr. Coleman: How was your title acquired to the right of way of all these various roads?

Mr. Seaman: By deed.

Mr. Coleman: Was all of it by deed?

Mr. Seaman: Absolutely.

Mr. Coleman: You never condemned any land?

Mr. Seaman: Yes, sir.

Mr. Coleman: Then you did not get it by deed.

Mr. Seaman: We got it from the sheriff by deed in the proper way, if you understand condemnation proceedings.

694 Mr. Coleman: Who built the road from Jonesboro to Sikes?

Mr. Seaman: That was built by the old lumber company partially; I do not know who built it, as a matter of fact.

Mr. Coleman: You have it marked as one of your lines.

Mr. Seaman: Yes, sir; we operate that under lease.

Mr. Coleman: Under lease from whom?

Mr. Seaman: From the Tremont Lumber Company.

Mr. Coleman: What are the terms of that lease?
Mr. Seaman: It is all shown in the book here of records.

Mr. Coleman: You don't know it?

Mr. Seaman: I don't know it out of hand. It is here as part of the record.

Mr. Coleman: You mentioned something about 2 contract for 35 cents covering the trackage.

Mr. Seaman: Yes.

Mr. Coleman: 35 cents per train mile?

Mr. Seaman: 35 cents a train mile limited to certain tonnage.
Mr. Coleman: There never has been a secret arrangement, has

there, between the two companies?

Mr. Seaman: No, sir. Every contract of any kind or character that our railroad has with the Tremont Lumber Company or any other patron on our line is contained in this book, except one or two minor contracts as to connections which

have been made since this was published.

Mr. Coleman: If there has been a running arrangement of 25 cents between your company and the Tremont Lumber Company would you know of it?

Mr. Seaman: Yes, sir.

Mr. Coleman: Is Mr. Batchelder here?

Mr. Seaman: No. He has no connection with the Tremont &

Gulf Lumber Company.

Mr. Coleman: If I told you Mr. Batchelder testified in the case of the Chicago Lumber & Coal Company against the Tioga & Southeastern Railway two years ago that the Tremont Lumber Company paid 25 cents per train mile to the railroad company—or just the other way—would that change your opinion?

Mr. Seaman: Not the least, because he did not know anything

about it if he said so.

Mr. Coleman: Is your road operated at a profit or a loss?

Mr. Seaman: At a loss.

Mr. Coleman: Always?

696 Mr. Seaman: Some months it is operated at a profit. We hope soon to have it on a profitable basis.

Mr. Coleman: Have you ever filed with the Louisiana State Com-

mission your total earnings and expenditures?

Mr. Seaman: I think so. That you can ascertain from our auditor who attends to that part of the business.

Mr. Coleman: Have they ever shown a net profit for a year?

Mr. Seaman: No, never. Mr. Coleman: Sure?

Mr. Seaman: I am quite sure. I do not know as to the filing of it, but I do not know of any year when we have made a net profit.

Mr. Coleman: You were connected with it two years ago?

Mr. Seaman: Yes, sir.

Mr. Coleman: Would it refresh your recollection if I told you— I do not say you personally, but your company—filed a statement with the Louisiana State Commission showing total earnings of \$83,600, operating expenses \$54,564.68, and a net profit of \$29,080.

Mr. Seaman: I would not know anything about it.

Mr. Coleman: So when you said they had not made one,

697 you meant you did not know anything about it?

Mr. Seaman: Only in a general way. We have no profits for distribution to the stockholders, because I am continually asking them for more money than they will furnish me to put into track and equipment, and for other purposes.

Mr. Cowan: I assume you have reference to profit over and above

fixed charges.

Mr. Seaman: Yes.

Commissioner Harlan: What was your operating ratio last year; do you know?

Mr. Seaman: 75.7 per cent.

Mr. Coleman: In the construction of your railroad, has your aim been to put your mill at a junction point with a trunk line?

Mr. Seaman: We have nothing to do with mills; we have them

all along the line.

Mr. Coleman: Were not the mills built at junction points after your railroad connected, or before?

Mr. Seaman: Some were before, and some after.

Mr. Coleman: Which before?

Mr. Seaman: Jonesboro, Pyburn and Tremont.

Mr. Coleman: And the ones at Rochelle and Winnfield

698 were built afterwards?

Mr. Seaman: We have no mill at Winnfield. Rochelle was just completed a shore time ago. We built at Rochelle because the Iron Mountain is here, and there are good water facilities, the Little River.

Mr. Coleman: I understand you do not know about the divisions and the details.

Mr. Seaman: No; I know generally, but not the details.

Commissioner Harlan: Do you rent any equipment from the lumber company?

Mr. Coleman: No.

Mr. Cowan: Or do they rent any from your company?

Mr. Seaman: No. They may at times get an engine for a day for a special service.

Mr. Coleman: You testified that the line from Womack over to Lyons—was it?

Mr. Seaman: From a point between Womack and Lyons easterly to a connection with the Iron Mountain.

Mr. Coleman: You testified that the reason that would be desirable would be on account of equipment, giving you better equipment.

Mr. Seaman: Not giving us any equipment.
Mr. Coleman: Won't you clear us up on that?

Mr. Seaman: The lease would be desirable so after they had their product all in train at the point where their mill is, they could better haul it through over our line than for us to pick it up at the junction point, we making them a train mile rate. The contract has not been concluded as yet.

Mr. Coleman: You did not mean it would have any effect on

the furnishing of cars?

Mr. Seaman: Not on our equipment.

Mr. Coleman: You do not send your cars out?

Mr. Seaman: Yes, sir.

Mr. Coleman: Over other lines?

Mr. Seaman : Yes, sir.

Mr. Coleman: How extensively?

Mr. Seaman: All of them; we never see them.

Mr. Coleman: How many have you?

Mr. Seaman: We have one or two hundred. We try to get them and you fellows take them and hold on to them; steal them, in other words.

Mr. Coleman: Where the railroad does the hauling for the lumber company free of charge, you take care of the per diem, do you

not?

diem.

700 Mr. Seaman: Yes.

Mr. Coleman: I mean the railroad takes care of the per

Mr. Seaman: Well, you may get that from our traffic man, who understands the details.

Mr. Coleman: If your contract so provides, no doubt it is true.

Mr. Seaman: Whatever our contract provides, it is true.
Mr. Coleman: There is such a clause in the contract.

Commissioner Harlan: I do not think your question was quite accurately stated. The railroad does not do any hauling for the lumber company, of logs; the lumber company does the hauling itself.

Mr. Coleman: I mean it is subject to that. I mean the logs come down under the jurisdiction of the lumber company, but the per diem charge is all charged—

Mr. Seaman: There is no per diem. They have their own cars

and equipment.

Commissioner Harlan: They use their own logging cars and locomotives,

Mr. Coleman: When the lumber leaves the mill, it is on a different car?

701 Mr. Seaman: Yes.

Mr. Coleman: Now, then, does your railroad company pay any charges accruing to that car? Mr. Seaman: Originally as between ourselves and other carriers; yes, sir.

Mr. Coleman: You stated you reserved the right absolutely to con-

trol routing.

Mr. Seaman: As shown in the contract.

Mr. Coleman: Supposing I buy a car of lumber from the lumber company and wanted to route it my own way, as consignee, what then?

Mr. Seaman: You could have it.

Mr. Coleman: Then you do not control the routing?

Mr. Seaman: We do if we wish to insist upon it; we control the routing except the destination line, guaranteeing them the same rate, no higher rate, and as prompt delivery. They can take the destination routing.

Mr. Coleman: So, as a matter of fact, all you care for is to have the connecting line, the line that connects with you; you want the right to select that line. You do not care about the last line?

Mr. Seaman: No.

702 Mr. Coleman: You just want the line that pays you the highest division?

Mr. Seaman: Naturally: yes. Mr. Coleman: That is all.

Commissioner Harlan: Do you charge demurrage on a car set at Chatham for the Haynes Lumber Company?

Mr. Seaman: Yes, sir.

Commissioner Harlan: Do you charge demurrage on a car set at Rochelle for the Tremont Lumber Company?

Mr. Seaman: Yes, sir, if it is subject to demurrage.

Examiner Burchmore: With respect to the lease of the Jonesboro road, a copy of that lease is found in this corporate record of proceedings. It is dated apparently May 1st, 1906 and runs for three years.

Mr. Seaman: There has been a mere formal renewal of that

lease, by endorsement on the contract.

Examiner Burchmore: And the further question, the sole consideration for the lease of that line moving from the railroad company to the Tremont Lumber Company is the maintenance and upkeep of the track?

Mr. Seaman: Yes, sir.

Commissioner Harlan: The map to which the witness has referred, entitled map of the Tremont & Gulf Railway Company, may be filed as an exhibit.

(The map so offered and identified was received in evidence and thereupon marked Tremont & Gulf Railway Exhibit No. 2, witness Seaman, received in evidence December 10, 1910, and is attached hereto.)

(Witness excused.)

J. B. Fick was called as a witness, and having been duly sworn, testified as follows:

Commissioner Harlan: Where do you reside?

Mr. Fick: Winnfield.

Commissioner Harlan: You are auditor of the Tremont & Gulf?

Mr. Fick: Yes.

Commissioner Harlan: As such, was this financial exhibit to which Mr. Seaman has referred prepared by you or under your supervision?

Mr. Fick: It was.

Commissioner Harlan: Does it contain an accurate statement of the financial and other affairs of your company, according to the various pages that it contains?

704 Mr. Fick: It does.

Commissioner Harlan: What period of time does it cover? Mr. Fick: Sixteen months: the fiscal year 1909-1910, and then

a period of four months ending October 31, 1910.

Commissioner Harlan: In a general way state what it shows with respect to the net revenues of the company during the last fiscal year.

Mr. Fick: The total operating revenue for the fiscal year ending

June 30, 1910 was \$249,104,48,

Commissioner Harlan: And operating expenses?

Mr. Fick: The total operating expenses for the same period were \$188,479,51.

Commissioner Harlan: Now, if you add taxes and interest to that, what net do you get?

Mr. Fick: We get a net loss of \$29,670,55; that is, for the fiscal

year.

Commissioner Harlan: What is the largest item in the expense for maintenance of way and structures?

Mr. Fick: Track men.

Commissioner Harlan: The expense for that was some \$88,000 for maintenance of way and structures?

Mr. Fick: Yes. sir.

705 Commissioner Harlan: Are the details shown on this report?

Mr. Fick: No, sir; only so far that that is the total of the operation or operating expenses. You see these items here were filed with the Commission.

Commissioner Harlan: I know, but one item of \$88,794.27 is as-

signed to the maintenance of way and structures.

Mr. Fick: Under the classification issued by the Interstate Commerce Commission; yes, sir.

Commissioner Harlan: But what was the largest item in that?

Mr. Fick: Preparing the ballast of the road: that is, fixing up the roadbed.

Commissioner Harlan: Was that done last year?

Mr. Fick: Yes, sir.

Commissioner Harlan: Do you mean ballast as a primary proposi-

tion, or maintenance of ballast?

Mr. Fick: No, maintenance of ballasting; it was not an addition and betterment account or construction account. You see, we had considerable flood there, and to repair the track and put it back into a good first class condition it was necessary to perform that

Commissioner Harlan: Is not that a very large item on a road

only 16 miles long? 706

Mr. Fick: How much?

Commissioner Harlan: Is not that a large item for a road that is only—I was thinking of something else. What does that amount to per mile of road?

Mr. Fick: That includes the side tracks and industrial spurs. making a total of about 80 odd miles, which would be possibly about \$1,000 or \$1,200.

Mr. Seaman: They had floods there, and all of the roads were washed out, and bridges and miles of track, and they were reballasted, and it put the track in better shape than it was before.

Commissioner Harlan: I observe an item of \$102,000 for the previous year, which is some \$14,000 more than the year 1910. assigned to maintenance of way and structures.

Mr. Seaman: It must have been practically the same proposition. Mr. Fick: There are some entries down below there to show

Mr. Seaman: There were weeks and weeks the roads did not operate down there; we had our road in shape and we detoured the Rock Island and other trains over our line.

Commissioner Harlan: Then the maintenance of equipment last

year was \$30,000 and the preceding year \$53,000? 707 Mr. Fick: Yes, sir.

Commissioner Harlan: What is the explanation?

Mr. Fick: There were heavy repairs to some of those locomotives. Commissioner Harlan: Does this statement show the original cost of equipment?

Mr. Fick: No. sir: that shows the present valuation, less the

depreciation.

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Commissioner Harlan: What is the present value of the equipment?

Mr. Fick: About \$170,000.

Commissioner Harlan: What percentage do you strite off per month on your car equipment? Mr. Fick: On the freight cars, five per cent.

Commissioner Harlan: Five per cent a month?

Mr. Fick: No, sir: per annum.

Commissioner Harlan: I asked per month.

Mr. Fick: Well, that would be-

Commissioner Harlan: That is all right. What per cent do you write off per annum on your locomotives?

Mr. Fick: Six per cent.

Commissioner Harlan: What amount did you carry to surplus last year? I suppose none, if you had a deficit,

Mr. Fick: None.

Commissioner Harlan: What the year befor .?

Mr. Fick: None.

Commissioner Harlan: Have you any accumulated surplus?

Mr. Fick: No.

Commissioner Harlan: Mr. Garwood, the Commission will adjourn at this time until two o'clock, and proceed with Mr. Fick afterward.

Whereupon, at 12:55 P. M., a recess was taken until 2:00 P. M.

709 After recess.

2.00 p. m.

Mr. Coleman: The statement made by the witness, which has been submitted to the Commission, showing allowances made to tap lines, shows payments made for the years 1906, 1907, 1908, 1909 and 1910, but it should be explained that all divisions were cancelled in 1908, and the payments made during that year and during the year 1909 and 1910 were settlements for divisions which had accrued prior to the cancellations. No division was in existence after the cancellation in 1908.

Mr. Andrews: May it please the Commission, so far as baving my case heard, I am unfortunate because I am a connection of the Frisco Lines, and I understood you were to take up the Iron Mountain after the Rock Island. I wanted to know if you would excuse the lines connecting with the Frisco until Monday morning?

Commissioner Harlan: I think that would be safe; yes.

Mr. Andrews: Thank you.

710 J. B. Fick resumed the stand.

Commissioner Harlan: The question that arose on objection of counsel when Mr. Seaman was on the stand will be reserved for consideration by the Commission. In case the Commission desires to press that inquiry, Mr. Seaman will be expected to take the stand again at Washington, or at some other convenient place.

Mr. Fick, I direct your attention again to the items on this account for maintenance of way and structures amounting to \$102,000 in the year 1909 and \$88,000 in the year 1910, or a total of \$191,000 plus for the two years. For those two years the two items together make a very large proportion of your outstanding capital stock. I would like to ask whether those items are not somewhat excessive, when compared with similar items on regular lines.

Mr. Fick: I believe not. The road being new, requires a greater

amount of labor.

Commissioner Harlan: What is an ordinary expenditure per mile?

Mr. Fick: I could not say as to that. I would have to refer to other roads.

711 Commissioner Harlan: What was the total estimated value of the equipment? You gave it before.

Mr. Fick: \$170,000.

Commissioner Harlan: And your expenditures during those two years on maintenance of equipment aggregated \$83,000?

Mr. Fick: Yes, sir.

Commissioner Harlan: Or 50 per cent. Is that a usual percentage,

25 per cent a year for the maintenance of equipment?

Mr. Fick: Well, I could not say as to that. There were heavy repairs on some of the locomotives, and then that includes, you know, all the repairs to the box cars and flat cars and passenger equipment, and so forth.

Commissioner Harlan: Who does the repairs for your cars.

Mr. Fick: Wherever they are. You see the foreign roads bill on us for the amount. Under the Master Car Builders Association, they bill on us for owner's defects, and we have to pay those.

Commissioner Harlan: You made practically no repairs your-

self or under contract?

Mr. Fick: Not under contract; no, sir.

Commissioner Harlan: Yourself: have you shops?

712 Mr. Fick: We had the shops at Eros.

Commissioner Harlan: Are the details of your shop accounts here?

Mr. Fick. No. sir.

Commissioner Harlan: Judge Cowan, have you any questions of this witness?

Mr. Cowan: Just a question or two on the lines your Honor was just asking about. Under the Master Car Builders' rules, what repairs do the other lines charge you with?

Mr. Fick: Owner's defects.

Mr. Cowan: Do you have your engines rebuilt in any machine shops anywhere?

Mr. Fick: Not rebuilt.

Mr. Cowan: Didn't you have contract work done on the engines, or have it done otherwise in anybody else's shops than your own?

Mr. Fick: Not any contract work to my knowledge.

Mr. Cowan: Were these second hand engines when you got them?

Mr. Fick: I could not say.

Mr. Cowan: Well, do you know of any extraordinary repairs made on them?

713 Mr. Fick: They were running repairs, and heavy repairs made on account of the road being new, and naturally it is harder on a locomotive on a new track than on an old, solid road-bed.

Mr. Cowan: Do your annual reports show your locomotive mileage?

Mr. Fick: Yes. sir.

Mr. Cowan: In regard to the question of repairs on your cars, what did that consist of, equipment with air brakes and the like?

Mr. Fick: Yes, sir: whatever the owner's defects may be, there are certain things that the connecting line or the carrier pays.

Mr. Cowan: You know whether or not, probably, if you had your cars equipped with air brakes in the last two years.

Mr. Fick: No, sir, they were equipped with air brakes when

purchased.

Mr. Cowan: Have you any explanation you can offer why it cost such a large percentage of the value of your equipment to repair it annually?

Mr. Fick: No.

Mr. Cowan: Where does the lumber company repair its 714 engines and cars?

Mr. Fick: I could not say.

Mr. Cowan: Do they do it on your line?

Mr. Fick: I don't know.

Mr. Cowan: Do you know whether the cost of repairs of the locomotives and the cars which are embraced in your accounts that have been spoken of—do you know whether it is the aggregate of the operation of your shops; is that the way it is figured? Do you take the aggregate of the operation of your shops and divide that aggregate cost by the cars where the work was on cars, and by locomotives where it was on locomotives?

Mr. Fick: There is a percentage of labor and so forth added to

the cost.

Mr. Cowan: Does your road make any repairs for the lumber company's engines and cars?

Mr. Fick: Not that I know of.

Mr. Cowan: Do you know whether they do or not? Mr. Fick: I do not believe they do. I do not know.

Mr. Cowan: Do you make any repairs for owners' defects and charge that back to the lumber company on the trains which are run on your tracks?

715 Mr. Fick: No, sir.

Mr. Cowan: In regard to the maintenance of way and structures, you seem to have \$1,000 per mile of line charged up. Did that include ballast where you had none before?

Mr. Fick: No.

Mr. Cowan: Did it include the widenings of the embankment?

Mr. Fick: Only so much as under the classification of the Interstate Commerce Commission was supposed to be charged to operation.

Mr. Cowan: Did it include the reconstruction or building of new depots?

Mr. Fick: No, sir; only so far as repairs.

Mr. Cowan: Did it include the purchase of new rails and ties?

Mr. Fick: No. sir.

Mr. Cowan: The building of new bridges? Mr. Fick: Not of new bridges; no, sir. Mr. Cowan: The rebuilding of old ones?

Mr. Fick: Only so far as they are under the classification.

Mr. Cowan: Do you keep the account of the divisions of rates between your company and your connecting line?

Mr. Fick: I keep an account of the amounts collected.

716 Mr. Cowan: Can you make a statement showing the amounts you have collected on lumber received from the Tremont Lumber Company?

Mr. Fick: I could.

Mr. Cowan: And that received from lumber which you get from other than the Tremont Lumber Company?

Mr. Fick: I could.

Mr. Cowan: Do you know what the rate or division is? Mr. Fick: No, sir.

Mr. Cowan: Who does?

Mr. Fick: The traffic manager,

Mr. Cowan: But you make the settlements, do you not?

Mr. Fick: I make the interline settlements and traffic balances; yes, sir.

Mr. Cowan: Well, you have to have the amount of the division in order to know whether the amount is correct when you make the settlements, of course,

Mr. Fick: Yes, sir.

Mr. Cowan: Is it not a fact that the division sheets do not furnish the basis of settlement in many instances, but it is subject to the settlements to points to which the division sheets do not ap-717

Mr. Fick: I did not get that.

(Question read.)

Mr. Fick: No, sir. Mr. Cowan: All your divisions are from your division sheets?

Mr. Cowan: In some division sheets there are provisions for traffic other than that named in the division sheets, where the respective traffic officials agree on the amount of division, and you bill it out with some sort of a billing slip which shows that the division is different to what the division sheets would make it; and I wondered if that was the case with respect to your line and any of your connecting lines.

Mr. Fick: Our divisions are furnished by our traffic manager to us; the settlements with connecting lines are made on that basis. Mr. Cowan: Is that a percentage or an arbitrary amount, do you

happen to recall?

Mr. Fick: Well, that differs. I could not give you a definite answer.

Mr. Cowan: But that would be shown on your division 718

Mr. Fick: The percentage would be shown on the division

Mr. Cowan: Have you filed the division sheets or have you them? Mr. Fick: That is with the traffic man.

Mr. Cowan: Have these divisions varied for the past two years since you have been with the company?

Mr. Fick: I could not say as to that. I have not watched them. Mr. Cowan: Now, as to the financial relations of the railroad company and the Southern Development Company, that involves remittances by your company to the Southern Development Company?

Mr. Cowan: To whom do you pay the interest on the bonds?

Mr. Fick: To the Southern Investment Company.

Mr. Cowan: Well, I got the word wrong. Are the earnings of your road from time to time kept in an account or bank for your own company, or is it turned over to the Southern Development Company?

Mr. Fick: Kept in our own name in various banks.

Mr. Cowan: Do you have any financial relations to the Tremont Lumber Company?

Mr. Fick: None, except as a common carrier.

Mr. Cowan: Do you make the settlements in regard to the rates of freight and so on with the Tremont Lumber Company? Do you have any settlements to make with them on that subject?

Mr. Fick: No, sir. Where local merchandise is carried, our agents

collect the amount, the same as from any other shipper.

Mr. Cowan: That is all.

Mr. Coleman: What interest do those bonds bear?

Mr. Fick: Five per cent.

Mr. Coleman: How long a term?

Mr. Fick: Forty years.

Mr. Cowan: And the bonds are owned by the Investment Company?

Mr. Fick: I could not say. They are held in trust by the Illinois

Trust Company. That is in evidence.

Mr. Cowan: I understood you to say you remitted the interest to the Investment Company.

Mr. Fick: Yes, sir.

Mr. Cowan: That would indicate-

Mr. Garwood: What that indicates is a matter that the 720 record will show.

Commissioner Harlan: This witness says he does not know

who owns them.

Mr. Cowan: After showing earnings of \$249,000 and operating expenses of \$188,000, in arriving at the deficit, of course you deducted the bond interest?

Mr. Fick: For the net corporate account, yes, sir.

Mr. Garwood: It was stated this morning that the company belonged to the American Railway Association. Are there requirements as to the general character that a railway must attain before it can be admitted to such an association?

Mr. Fick: I believe there are; yes, sir.

Mr. Garwood: As to its grade as a railroad?

Mr. Fick: Yes, sir.

Mr. Garwood: I assume that the Commission understands those requirements.

Commissioner Harlan: Yes, sir.

Mr. Garwood: What other railway associations do you belong to?
Mr. Fick: We are members of the Southern Demurrage & Storage
Bureau, and then of course, as officers, we are members of

721 the American Railway Accounting Officers Association, and the Car Transportation Association. Mr. Garwood: As anditor, you keep your accounts in accordance with the rules of the Interstate Commerce Commission?

Mr. Fick: Yes, sir.

Mr. Garwood: You make your reports to the Commission in the legal form?

Mr. Fick: Yes, sir.

Mr. Garwood: And also report to the Louisiana Commission?

Mr. Fick: Yes, sir.

Mr. Garwood: What is your monthly pay roll, in round numbers?

Mr. Fick: Between \$700- and \$8,000.

Mr. Garwood: Have you an officer in charge of the general operation of your road, a general superintendent or general manager?

Mr. Fick: Yes, sir.

Mr. Garwood: What other officers of a general character have you?

Mr. Fick: We have a treasurer and traffic manager and general

superintendent and vice-president and secretary.

Mr. Garwood: Are you fully equipped with all of the officers requisite and necessary to properly conduct an active railway?

Mr. Fick: Yes, sir.

Mr. Garwood: How many agency stations have you on your line?

Mr. Fick: Nine.

Mr. Garwood: How many non-agency stations?

Mr. Fick: Fifteen.

Mr. Garwood: Turn to the page of your statement, the second page. I believe, and give me the cost of the buildings of those several agencies, stating as you call each one, whether it is an agency or

non-agency station.

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Mr. Fick: At Cartwright we have a pagoda, the book value is \$200. At Eros we have a depot, \$2,500. I wish to state that Cartwright is a non-agency point and Eros is an agency point. At Chatham we have a depot, \$800, an agency point. At Womack and Lyons—

Commissioner Harlan: If you will just indicate the agencies— Mr. Fick: On the third page it will show the agency and nonagency points, and the distance from Tremont, Pyburn and Jones-

boro, and also whether or not it is a telephone station.

Commissioner Harlan: It seems to be a very complete

statement of all the details.

Mr. Garwood: Now, at each of those agency stations you maintain an agent who performs all of the ordinary duties of a railway station agent?

Mr. Fick: Yes, sir.

Mr. Garwood: He issues bills of lading, both intrastate and interstate on the usual forms?

Mr. Fick: Yes. sir.

Mr. Garwood: How many section houses have you on your line?

Mr. Fick: Thirty.

Mr. Garwood: What is their character as to permanency and their

general nature?

Mr. Fick: Well, they are an ordinary house; they are not what they term a box house, but are good permanent buildings, one for the section foreman, and the other is for the others.

Mr. Garwood: Can you recall how many section men your com-

pany employs?

Mr. Fick: On an average, I believe about 112.

Mr. Garwood: Do you know how many train operatives

724 you have?

Mr. Fick: Around 18 or 20; that is, train crews, you are speaking of?

Mr. Garwood: Train crews: yes.

Mr. Fick: Yes. sir.

Mr. Garwood: Does that include engineers and conductors, freight and passenger?

Mr. Fick: Yes, sir. Mr. Garwood: You do an active passenger business, do you?

Mr. Fick: Yes, sir. Mr. Garwood: What was your passenger business for the year ending June 30, 1909?

Mr. Fick: For passenger service proper-

Mr. Garwood: I mean exclusive, now, if you can so give it, for your earnings from mail and express.

Mr. Fick: \$15,383.34.

Mr. Garwood: And for the year ending June 30, 1910?

Mr. Fick: \$17,259.86.

Mr. Garwood: You have made a statement showing the passenger receipts by month for the last 16 months, by stations-

Commissioner Harlan: Mr. Gary ood, I think it will not be 725 necessary to go over this. It will all be available to you

in the argument.

Mr. Garwood: I merely did it in accordance with the suggestion of counsel the other day that he wished to get a running idea of the extent of the operations. Of course it is all there for the Commission to read.

Commissioner Harlan: This is so full that I think it is not necessary to go over the details, unless you have some special thing you

desire to bring out.

Mr. Garwood: Just one or two other questions. Do you do a general passenger business, not confined to the passage of mill employees and business of that character; in other words, do you do a large general public business as a carrier of passengers.

Mr. Fick: We do.

Commissioner Harlan: Do the employees of any one go over this road without tickets?

Mr. Fick: No. sir.

Commissioner Harlan: Mr. Seaman said not.

Mr. Garwood: No. indeed.

Commissioner Harlan: What was your point?

Mr. Garwood: They have undertaken to show that most of the business of some of the lines-that is, their interrogatories 726 would indicate that the passenger business resulted largely from the patronage of mill employees, and things of that sort.

Commissioner Harlan: If so, it is on tickets.

Mr. Garwood: Oh, yes, absolutely it is on tickets, but I want to show this is a general commercial passenger business pertaining to the public at large, and is not confined to any particular class of people.

Commissioner Harlan: The witness has so indicated that,

Mr. Seaman: No one connected with the lumber company in any

capacity has transportation over this road.

Mr. Garwood: The Tremont Lumber Company pays demurrage on cars, just as any other concern that does business with you?

Mr. Fick: Yes.

Mr. Garwood: You pay per diem to your connections? Commissioner Harlan: That was all stated by Mr. Seaman.

Mr. Garwood: i do not want any mistakes about these propositions.

Commissioner Harlan: That is clearly understood.

Mr. Garwood: Have you made in this statement an analysis of your business, interstate and intrastate, at each station? 727 am not going into that, but just want to indicate it.

Mr. Fick: I have: yes, sir,

Mr. Garwood: Have you also made a showing as to the character of the business, whether lumber or general merchandise?

Mr. Fick: I have.

Mr. Garwood: Have you made a statement showing the extent of business which your road receives from the Tremont Lumber Company.

Mr. Fick: I have.

Mr. Garwood: That all appears in the statement?

Mr. Fick: It does,

Mr. Garwood: You have figured this out, showing the relative proportions of the various classes of business?

Mr. Fick: I have shown the percentage on each sheet for each

station.

Mr. Garwood: As inquired about?

Mr. Fick: Yes, sir.

Mr. Garwood: Are there stations upon your line where there are no mills of the Tremont Lumber Company, where you do a large business?

Mr. Fick: Yes, sir.

Mr. Garwood: Just by way of illustration, select one or 728 two of those and call them to the attention of the Commis-

Mr. Fick: For instance, at Winnfield, the largest station on our line, the Tremont Lumber Company's per cent is 9.1; outside business of other parties is 90.9 per cent.

Mr. Garwood: What is your total business at Winnfield?

Mr. Fick: The total is \$41,804.38.

Mr. Garwood: Now, select some station-

Mr. Fick: Here is Sikes, a smaller station, with a business amounting to \$10,037, which is 100 per cent for others.

Mr. Garwood: Where the Tremont Lumber Company had no

business whatever?

Mr. Fick: No. At Womack the business amounting to \$8,538.39 is 100 per cent for others, and the Tremont Lumber Company no business. At Gaars Mill, business amounting to \$5,278.01, 100 per cent for others, and the lumber company no business. Those are practically some of the larger points. And then the smaller points-

Mr. Garwood: How about Chatham?

Mr. Fick: That is \$18,237. Others, 96.9 per cent, and the Tre-

mont Lumber Company 3.1 per cent.

Mr. Garwood: In other words, there are numerous stations upon your line where the lumber company has no interest of 729any kind, where you do a very large business of a general commercial character?

Mr. Fick: Yes, sir.

Mr. Garwood: Have you caused to be made up a list of industries on your line which are entirely independent of and have no connection with the Tremont Lumber Company?

Mr. Fick: Yes, sir.

Mr. Garwood: If so, I will ask you if that is the statement (handing paper).

Mr. Fick: Yes, sir: it is made up in conjunction with our traffic

manager.

Mr. Garwood: We offer that in evidence.

(The statement so offered and identified was received in evidence and thereupon marked Tremont & Gulf Exhibit No. 3, witness Fick. received in evidence December 10, 1910, and is attached hereto.)

Mr. Fick: That goes in connection with the map.

Mr. Garwood: I might ask you the general question if this statement which you have prepared, was prepared under your immediate direction, and if it is correct.

Commissioner Harlan: He has already stated that in response to

my inquiry.

Mr. Garwood: Is Winnfield the county seat of the Parish? 730 Mr. Fick: It is.

Mr. Garwood: Where is the county seat of Jackson Parish?

Mr. Fick: It is unlocated at the present, but an effort was made to have it removed to Chatham. It was at Vernon.

Mr. Garwood: What do you mean by it being unlocated? is not in suspense, they have a county seat somewhere.

Mr. Fick: It was voted to remove it from Vernon.

Mr. Garwood: Well, it is at Vernon now?

Mr. Fick: Yes, sir.

Mr. Garwood: Where is Vernon, relative to any line?

Mr. Fick: Vernon lies possibly in the northwest square, between Chatham and Jonesboro; that is up here, possibly in the center of it.

Mr. Garwood: Not on a railroad?

Mr. Fick: No; that is not on a railroad.

Mr. Garwood: The citizens utilize your road to reach that point?

Mr. Fick: Yes, sir.

Mr. Garwood: And it is now contemplated that it will be removed to Chatham, situated on your line?

Mr. Fick: Yes, sir.

731 Mr. Garwood: So you will have two county seats on your line if it is moved to Chatham?

Mr. Fick: Yes, sir.

(Witness excused.)

J. H. Geagan was called as a witness, and having been duly sworn, testified as follows:

Commissioner Harlan: What is your business?

Mr. Geagan: General freight agent of the Tremont & Gulf Railway Company.

Commissioner Harlan: How long have you occupied that relation

to that company?

Mr. Geagan: Since the 1st of January, 1910.

Commissioner Harlan: Had you any relation with it prior to that time?

Mr. Geagan: Yes, sir.

Commissioner Harlan: What?

Mr. Geagan: Chief clerk to the general freight agent.

Commissioner Harlan: How long have you been with the road? Mr. Geagan: Since March 5, 1909.

Commissioner Harlan: You may proceed, Mr. Garwood.

Mr. Garwood: I wish you would state what divisions you get with your various trunk line connections. I will first take on lumber, the Vicksburg, Shreveport & Pacific, with which you connect at Tremont.

Mr. Geagan: The divisions range from 2.4 cents to six cents pet

100 pounds.

Commissioner Harlan: On what shipments do you get six cents per 100 pounds?

Mr. Geagan: That would be very hard to say; it is according to the territory to which it proves.

Commissioner Harlan: Just what is a typical point? Mr. Geagan: Well, Chicago, Illinois, for instance,

Mr. Garwood: What divisions do you get with the Rock Island?

Mr. Geagan: From three to six cents.

Mr. Garwood: Indicate in the same manner as you did in response to Commissioner Harlan's question, in a general way to what territory your six cent division would apply.

Mr. Geagan: To various points on the Rock Island. Well, take

Western Trunk Line territory.

Mr. Garwood: What divisions do you get with the Iron Mountain?

Mr. Geagan: From three to six cents.

733 Mr. Garwood: Where does the six cent division apply?
Mr. Geagan: Well, Western Trunk Line territory; Central
Freight Association territory chiefly.

Mr. Garwood: You connect at Winnfield, Louisiana, also with the

Louisiana & Arkansas?

Mr. Geagan: We do; yes, sir.

Mr. Garwood: What road is that; is that what is known as the Buchanan road?

Mr. Geagan: It is known locally, or generally, you might say.

Mr. Garwood: It is known locally as the Buchanan road?

Mr. Geagan: Yes.

Mr. Garwood: Buchanan is a lumber man?

Mr. Geagan: Yes, sir.

Mr. Garwood: He is the practical owner of that road, and is so considered generally, is he not?

Mr. Geagan: That is the understanding.

Mr. Garwood: What is the length of that road, about?

Mr. Geagan: Approximately 200 miles.

Mr. Garwood: Is it not longer than 200 miles? Is it not very nearly 300 miles?

Mr. Geagan: Well, I could not say offhand, but it is between 200 and 300, I suppose; possibly over 200, or at least 300.

Commissioner Harlan: Well, you state the fact to be that it is nearly 300 miles?

Mr. Garwood: It is my understanding it is about 275 miles.

Mr. Seaman: 276 miles.

Mr. Garwood: Have you divisions with that road, and if so, what are they?

Mr. Geagan: They are practically the same as with the Iron

Mountain.

Mr. Garwood: Do you know the average haul on your line of your lumber?

Mr. Geagan: For the past six months it is 21.65 miles. Commissioner Harlan: That is, the manufactured lumber? Mr. Geagan: That is the manufactured lumber; yes, sir.

Mr. Garwood: Have you any milling in transit rates of which the Tremont Lumber Company takes advantage?

Mr. Geagan: We have milling in transit rates, but the Tremont

Lumber Company does not take advantage of them.

Commissioner Harlan: That average haul of 21.65 miles seems to be of lumber manufactured by other than the Tremont Lumber Company.

735 Mr. Geagan: That is the lumber manufactured by everyone.

Commissioner Harlan: It is not so stated here.

Mr. Garwood: Mr. Fick says that that was the oversight of the stenographer.

Mr. Fick: It was the general haul.

Mr. Garwood: You had better correct that.

Commissioner Harlan: It is an oversight right at the top of the page. Now, what do you understand this table to be, Mr. Fick?

Mr. Fick: The figures shown there are as to the number of cars hauled for 16 months for others than the Tremont Lumber Com-

Commissioner Harlan: That is what it says.

Mr. Fick: Yes, and then the stenographer should have shown average haul for all lumber cars, including the Tremont Lumber Company.

Commissioner Harlan: 21.65 miles?

Mr. Fick: 21.65; yes, sir. I did not notice it until this after-

Mr. Seaman: That you make a general statement, then, and not attached to this specific tabulation? Mr. Fick: Yes, sir.

736 Mr. Cowan: Before you leave that point, as you were asking the other witness about it, I think some inquiry ought to be made in regard to whether that just applies to lumber that has a real movement, or whether it applies to all cars that are loaded at the mills which are situated on some other line where the company only performs a switching service.

Mr. Fick: That is the rail movement over the line.

Mr. Cowan: But it does not apply to or include that lumber for which you performed a switching service? Mr. Fick: No, sir.

Mr. Cowan: And for which you get the same division as if it was a rail movement.

Mr. Fick: No.

Mr. Cowan: You do get the same division for that switching service as for the division, for instance, the mill at Rochelle?

Mr. Garwood: That is a question.

Mr. Cowan: You are getting the average length of haul of all lumber products. I do not see how it can include the cars as to which there is only a switching movement, because the length of the road would not indicate there could be any such average number, if those were included.

737 Commissioner Harlan: There is another table, which shows that the lumber tonnage-I think there is a table that shows that of the total tonnage, 75 per cent is moved for the Tre mont Lumber Company.

Mr. Fick: Yes, sir,

Commissioner Harlan: Now, what is the average haul of manufactured lumber of that company?

Mr. Fick: Of the Tremont Lumber Company?

Commissioner Harlan: Yes.

Mr. Fick: I could not say right off hand. I believe Mr. Geagan can tell.

Commissioner Harlan: Have you that, Mr. Geagan?

Mr. Geagan: I could not state for this, off hand. This 21.65

includes the Tremont Company's lumber, the lumber shipped by them.

Mr. Garwood: What other lumber companies independent of the Tremont Company are situated on your lines, and in a general way state their capacity?

Commissioner Harlan: We have that list.

Mr. Garwood: There are a number of them, are there not?

Mr. Geagan: There are.

738 Mr. Garwood: You were about to say that you had in some milling in transit rates, and that the Tremont Lumber Company does not use those rates. I would be glad for you

to state what they are.

Mr. Geagan: It is covered by a tariff which provides shipments of lumber to a given point on the road, that they can be billed into a certain point and milled or stored in transit, and then on proof of shipment of a certain percentage of lumber outbound from that same party, and he surrenders the inbound expense bill, there is a reduction made in the rate to what we call the milling in transit rate.

Mr. Garwood: That applies to staves, for instance, and things of that character?

Mr. Geagan: It does.

Mr. Garwood: In such case, you haul out the finished product?

Mr. Geagan: We do.

Mr. Garwood: Where, at what point on your lines are those rates availed of?

Mr. Geagan: Chiefly at Winnfield, by the Winn Lumber Company, and at Jonesboro, Louisiana.

Mr. Garwood: What is the Winn Lumber Company?

Mr. Geagan: It is a planing mill located at Winnfield.
Commissioner Harlan: Well, that movement is very inconsiderable, is it not?

Mr. Geagan: No, sir; there is considerable movement for the

Winn Lumber Company at Winnfield.

Commissioner Harlan: I do not mean that particular company, but taking all the movement at the milling in transit, it is small, compared to the entire movement?

Mr. Geagan: Compared to the entire movement, it is small.

Mr. Garwood: How, in a general way, do the divisions which you receive from your connecting carriers, compare with the local rates under the Louisiana Commission rates, or whatever you operate under here.

Mr. Geagan: Well, generally speaking, our division of the through

rate is lower.

Mr. Garwood: Lower than the local rate?

Mr. Geagan: Yes, sir.

Mr. Garwood: I notice you have an independent company, that Mr. J. H. Frazier at Cartwright. They have a lumber mill there, have they?

Mr. Geagan: They have.

Mr. Garwood: What would be the effect on that business if

through billing were not permitted, and through rates did not apply?

740

Mr. Geagan: Well, Mr. Frazier, the shipper, would have to pay from six to eight cents additional from the mill located on our line than he would from a mill located on the trunk line.

Mr. Garwood: Would that operate injuriously upon the shipper who was thus compelled to ship on the local rate to the point of

Mr. Geagan: I suppose it would; yes, sir.

Mr. Garwood: I will ask you if there is any agricultural develop-

ment in the section of the country served by your road.

Mr. Geagan: Yes, sir, there is considerable development right now especially-well, take the entire line, but especially around Eros, Chatham and Sikes.

Mr. Garwood: I have been reading in the paper since I have been in New Orleans a good deal about peanuts in Louisiana. Is there any development along that line in that section?

Mr. Geagan: Yes, sir; considerable.

Mr. Garwood: Are there any cattle raised and shipped from that section up there?

741 Mr. Geagan: Quite a number of cattle raised, and some shipped.

Mr. Garwood: Now, as to the general commercial business that you do; is that extensive?

Mr. Geagan: Yes, we consider it extensive, especially at Winnfield. Mr. Garwood: Winnfield is a town of about 4,000 people, is it not?

Mr. Geagan: Yes, sir, about that.

Mr. Garwood: How many banks have they there?

Mr. Geagan: Two.

Mr. Garwood: What other large commercial enterprises have they there?

Mr. Geagan: They have the Louisiana Creosoting Company, handling creosoted timber and lumber; the Winn Lumber Company, Dalton Clark Stave Company, manufacturing, and the usual number of stores for a town of that size, and business houses, hardwood, furniture, and so forth.

Mr. Garwood: The Hard Wood Lumber Company.

Mr. Geagan: The Mansfield Hard Wood Lumber Company.

Mr. Garwood: Do you do a fair share of the commercial business 742

Mr. Geagan: Yes, sir; we do.

Mr. Garwood: Are you an active competitor at Winnfield with the other roads entering there for all commercial business?

Mr. Geagan: We are; yes, sir. Mr. Garwood: Do you bring in and take out interstate commergial business; I mean as contradistinguished from lumber business?

Mr. Garwood: To and from Winnfield?

Mr. Geagan: We do; yes, sir.

Mr. Garwood: Is your general commercial business increasing or decreasing?

Mr. Geagan: It is increasing.

Mr. Garwood: How with regard to your passenger business?
Mr. Geagan: Well, we do a general passenger business, and that is increasing.

Mr. Garwood: You run your passenger trains on a regular

schedule?

Mr. Geagan: Yes, sir.

Commissioner Harlan: That already appears. It was testified to

by Mr. Seaman.

Mr. Garwood: I want to get now the character of the trains he runs. That was merely preliminary.

Commissioner Harlan: All right, go ahead.

Mr. Garwood: What service do you render?

Mr. Geagan: From Tremont to Winnfield we run two straight passenger trains and have a mixed train from Tremont to Winnfield daily.

Mr. Garwood: By a passenger train, you mean by that a train de-

voted exclusively to the passenger service?

Mr. Geagan: Passenger service, baggage, mail and express.

Mr. Garwood: How many cars in that train?

Mr. Geagan: Two.

Mr. Garwood: The baggage, mail and express car, and then your passenger car?

Mr. Geagan: Yes, sir.

Mr. Garwood: Are those cars neat, clean and comfortable cars?

Mr. Geagan: They are comfortable cars; yes, sir.

Mr. Garwood: Did you get your division sheets with the various lines?

Mr. Geagan: No, I have not the division sheets here.

Mr. Garwood: Can you, and will you furnish them to the Commission if they desire them?

744 Mr. Geagan: Yes, sir.

Commissioner Harlan: We would like those,

Mr. Cowan: I suppose they are to be furnished by all the trunk lines and tap lines.

Commissioner Harlan: Most of them are in, but if they are no:,

the Commission will call for them,

Mr. Garwood: I did not know whether he had them. I would as

soon the Commission had them.

Mr. Coleman: In furnishing those statements, we think it should appear when the division of six cents was first allowed, with reference to the efforts of the Rock Island on its connection with the company, our position being that the original allowance of the Iron Mountain and other roads was four cents, until they made a connection with the Rock Island, when the Rock Island made an allowance of six cents, and forced all others to do so.

Mr. Garwood: I would like to ask for my own enlightenment.

You say "our position." Whom do you represent?

Mr. Coleman: The Atchison, Topeka & Santa Fe Railway Company.

Commissioner Harlan: Will you show that information? 745

Mr. Geagan: Yes, sir.

Commissioner Harlan: On a separate statement connected with your division sheet. The Commission would like to have that

Mr. Geaghan: Yes, sir.

Examiner Burchmore: Are you an officer or employee of any other railroad company?

Mr. Geagan: I am not.

Examiner Burchmore: Referring to your I. C. C. No. 52, terminal charges tariff, item No. 11, I just want to ask the meaning or

application of that rule.

Mr. Geagan: Well, on a shipment where we have no through rates between certain points, there is a drayage charge. instance, a shipment originating at a point on the Tremont & Gulf, going to a point on the Rock Island, where there are no through rates in effect, there is a drayage charge between the two stations of the Tremont & Gulf and the Rock Island.

Examiner Burchmore: For example, a through shipment from Eros to St. Louis; if you had no joint through rate you would charge your local to Winnfield, plus the drayage, plus the local charge out

of Winnfield?

Mr. Geagan: Yes, sir.

Examiner Burchmore: I think that rule No. 11 is irregular under the tariff regulations of the Commission, in that it provides that the drayage charge to be added will be based on the lowest figure that the company is able to arrange with dray lines. think that is irregular.

Commissioner Harlan: You apply that on through billing? Mr. Geagan: Well, yes, on shipments covered by the through bills

of lading.

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Examiner Burchmore: What is the greatest division you have ever received on lumber?

Mr. Geagan: Six cents.

Examiner Burchmore: Are you sure about that?

Mr. Geagan: To the best of my knowledge.

Examiner Burchmore: The Commission's information is, from an examination of your company, that you formerly received, and whether you do-now or not I do not know, an allowance of 6 and 7 cents on some lumber, destination unknown.

Mr. Geagan: They did not to my knowledge.

Examiner Burchmore: Can you inquire and inform the Commission?

Mr. Geagan: I will, but I think if we had received it 747 since my connection with the company I would have

Mr. Seaman: May I ask what time that information relates to? Examiner Burchmore: The report was furnished December 11,

1909, and the information was furnished by Mr. Fick. Was there such a division at one time. Mr. Fick?

Mr. Fick: I received that division from Mr. Mead, who was at that time traffic manager.

Commissioner Harlan: You say you got the division from Mr. Mead?

Mr. Fick: He was traffic manager at that time, and I got the

figures from him.

Examiner Burchmore: Reference has been made to a quarry located a short distance from Winnfield, from which a track connects with your line at Winnfield.

Mr. Geagan: It connects with the track of the Louisiana Rail-

way & Navigation Company.

Examiner Burchmore: Who owns that quarry?

Mr. Geagan: I understand it is owned by some New Orleans capitalists. I. L. Lvon is one.

Examiner Burchmore: Do you participate on through rates on stone that comes from that quarry?

Mr. Geagan: We do to Winnfield. 748

Commissioner Harlan: Well, to what common, ordinary destination?

Mr. Geagan: Vicksburg. Commissioner Harlan: You carry it through Rochelle? Mr. Geagan: Through Tremont.

Examiner Burchmore: What is your division under that rate? Mr. Geagan: Do you want that in round figures, per car or per 100 pounds?

Examiner Burchmore: Per 100 pounds. Mr. Geagan: Two cents per 100 pounds.

Examiner Burchmore: Is there any relation between that quarry and the lumber company or railroad company?

Mr. Geagan: There is none between the railroad company and the quarry.

Commissioner Harlan: What about the lumber company?

Mr. Geagan: Not that I know of.

Commissioner Harlan: Did you ever hear that there was any?

Mr. Geagan: No.

Mr. Seaman: There is not.

Examiner Burchmore: Does that private line connecting the quarry with your rails at Winnfield, receive any part of 749 that rate?

Mr. Geagan: Not of our rate.

Examiner Burchmore: Or of any rate, so far as you know?

Mr. Geagan: No.

Examiner Burchmore: Where is the bill of lading, issued on lumber transported for the Tremont Lumber Company?

Mr. Geagan: At the station where it is loaded; for instance, at

Eros.

Examiner Burchmore: At the mill point?

Mr. Geagan: At the mill point.

Examiner Burchmore: No logs ever moved under billing on your road for the Tremont Lumber Company?

Mr. Geagan: No.

Examiner Burchmore: You referred to the milling in transit privilege, which is availed of by other shippers over your road on lumber. How long does the tariff permit storage in transit of that

Mr. Cowan: Give the tariff reference.

Mr. Geagan: The tariff does not specify; there is no limit placed on the time of reshipment.

Examiner Burchmore: What tariff controls the practice?

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Mr. Geagan: Tariff 3-B, I. C. C. No. 58. Examiner Burchmore: Does the Tremont & Gulf Railway Company perform any interwork switching for the Tremont Lumber Company? Mr. Geagan: No, sir.

Commissioner Harlan: I would like to know where the great volume of manufactured lumber originating on your line goes to under

Mr. Geagan: Well, it is about evenly divided, to Central Freight Association, Western Trunk Line territory, and a certain portion of it to Eastern Trunk Line territory.

Commissioner Harlan: Can you say whether it is equally divided, so far as the six cent division is concerned, and the lower division? Mr. Geagan: I think it is.

Commissioner Harlan: Does not the great volume of it take six cents? Mr. Geagan: Yes, sir; it does.

Examiner Burchmore: The mill of the Tremont Lumber Company at Rochelle is located about 1,000 feet from the tracks of the Iron Mountain, I believe? Mr. Geagan: About that.

751 Examiner Burchmore: A shipment of lumber moving out of Rochelle, under a bill of lading issued by your company to an interstate destination, does your company issue any way bill

Mr. Geagan: Our agent makes the way bills.

Mr. Cowan: Where does the way bill show that the shipment originates in such a case?

Mr. Geagan: It originates—which mill?

Mr. Cowan: In such a case as Rochelle, I said.

Mr. Geagan: Denkman.

Mr. Cowan: How far is that from Rochelle? Mr. Geagan: That station is about a mile.

Mr. Cowan: And on that lumber you get a six cent division? Mr. Geagan: On some of it.

Mr. Cowan: Let us see if we cannot get at what it is you get the smaller division on, a little more definitely. You ship lumber destined for Texas points?

Mr. Geagan: Yes, sir; some goes to Texas. Mr. Cowan: And you get six cents on that? Mr. Geagan: Some of it.

Mr. Cowan: What of it do you not get six cents on?

Mr. Geagan: I do not know that I could say off hand.

752 Mr. Cowan: Is it not a fact that there is very little you do not get six cents on?

Mr. Geagan: No, there is considerable lumber that we do not get six cents on.

Mr. Cowan: What obstacle is there to your shipping all your lumber via the road that pays you six cents, as you have the right to route it?

Mr. Geagan: Sometimes the question of car supply, and different things, and sometimes the routing requested by the shipper or con-

signee

Mr. Cowan: Can you make a statement of how much of your lumber tonnage you get the six cent division on, and how much you get the lower division on?

Mr. Geagan: Can I prepare a statement of that kind?

Mr. Cowan: Yes.

Mr. Geagan: It could be done, with a great deal of work.

Mr. Cowan: Well, you have said so far that on some of it you get six cents, and on some of it you get a smaller division, two and a half cents, or something, without giving us any idea, as I understand it—

Commissioner Harlan: He said by far the larger part of his lumber goes to points under the six cent division to his road.

753 Mr. Cowan: He gets the six cent division?

Commissioner Harlan: Yes. Mr. Cowan: On the larger part of it?

Commissioner Harlan: On the larger part of it.

Mr. Cowan: The witness talked very low, and I had not understood it. I believe you said to Western Trunk Line territory you got six cents?

Mr. Geagan: Yes.

Mr. Cowan: And it does not matter whether it moves via the Rock Island or the Iron Mountain, as to your division?

Mr. Geagan: It makes no difference.

Mr. Cowan: To Texas points you say you get six cents on some, and less on some. Under what divisions would you get less on any movement to Texas points?

Mr. Geagan: Well, it depends on the routing it moves, and the destination. Some points of destination we get less than six cents.

Mr. Cowan: Where; to what points?

Mr. Geagan: Well, take the western part of Texas.

Mr. Cowan: Points on what railroad?

Mr. Geagan: I do not know that I can say offhand. It would be shown in the division sheets that go to the Commission.

754 Mr. Cowan: To points on the Gould lines and on the lines of the Rock Island, Colorado & Southern, you get six cents, do you not?

Mr. Geagan: To Texas points?

Mr. Cowan: Yes.

Mr. Geagan: We do not. What do you mean by the Gould lines, the Texas & Pacific?

Mr. Cowan: Those which we all know to be the Gould lines, the Texas & Pacific, and the St. Louis Southwestern.

Mr. Geagan: No, we do not get six cents.
Mr. Cowan: The International & Great Northern?

Mr. Geagan: I think not.

Mr. Cowan: Do you ship any lumber to those points in Texas where you do not get the six cent division which you might send via a route that would give you the six cents?

Mr. Geagan: It is done sometimes; yes, sir.

Mr. Cowan: All the Rock Island business that goes off your line pays six cents to all Rock Island stations?

Mr. Geagan: Not to all Rock Island stations.

Mr. Cowan: How is that?

Mr. Geagan: I said a while ago that the division with 755 the Rock Island ranges from three to six cents.

Mr. Cowan: Is the larger part of the business which you send to Texas on the six cent division?

Mr. Geagan: Well, I could not say that offhand.

Mr. Cowan: I will just ask you to prepare a statement showing the amount of business you move on the six cent division and the amount of business you move on the lower divisions.

Commissioner Harlan: To Texas?

Mr. Cowan: To Texas and Oklahoma and Colorado points. Commissioner Harlan: Can that be done without much trouble? Mr. Geagan: It will require a great deal of work.

Mr. Cowan: It would seem to me the witness ought to have some general idea of what general proportion moves on the six cent and the lower divisions, but he does not seem to have it.

Commissioner Harlan: Will you indicate two months, one in each year, that would be satisfactory?

Mr. Cowan: Yes, sir; take October this year and October last year. Mr. Geagan: To Texas?

Mr. Cowan: Texas, Oklahoma and Colorado points. Commissioner Harlan: Very well, do that.

756 Mr. Cowan: Have you now in mind the volume of your business that you move to Texas points?

Mr. Geagan: No, sir; not to Texas points.

Mr. Cowan: Have you now in mind the volume of your business that you move to Oklahoma points?

Mr. Geagan: No.

Mr. Cowan: Is your Oklahema rate in Group 5 or Group 6? Mr. Geagan: Group 5, to practically all Oklahoma points.

Mr. Cowan: What is the division on such shipments, it is uniform?

Mr. Geagan: Is it uniform?

Mr. Cowan: Is the division uniform when the lumber is being shipped to points in Group 5?

Mr. Geagan: Yes.

Mr. Cowan: What would it be; six cents?

Mr. Geagan: Yes.

Mr. Cowan: What length of haul is it from the Rochelle mill to deliver to the Iron Mountain & Southern.

Mr. Geagan: I should judge it is about a mile.

Mr. Cowan: Is that the only mill of the Tremont Lumber Company that is located at a junction point with the other railroad, except the one at Tremont?

757 Mr. Geagan: Jonesboro.

Mr. Cowan: What is the length of the haul at Jonesboro?

Mr. Geagan: About a mile.

Mr. Cowan: Relatively, what proportion of the lumber of the Tremont Lumber Company is cut at Rochelle, Jonesboro and Tremont?

Mr. Garwood: Eros. We have no mill at Tremont now. It is at

Eros, right below.

Mr. Cowan: Well, take Rochelle and Jonesboro. What is the relative amount of lumber furnished by that company to the railroad which is cut at Jonesboro and Rochelle?

Mr. Geagan: I suppose 40 per cent of it will come from Rochelle,

divided almost equally between the other two lines.

Mr. Cowan: And 60 per cent would be about equally divided between Jonesboro and Eros?

Mr. Geagan: Yes.

Commissioner Harlan: Our records show that the mill at Jonesboro is about 3,000 feet from the Rock Island tracks. Is that about right?

Mr. Geagan: I could not say exactly as to that.

Commissioner Harlan: A little over half a mile.

758 Mr. Seaman: It is shown in this book.

Commissioner Harlan: Yes; that will appear later.

Mr. Cowan: Do you haul traffic on a through rate and route from Tremont down to Winnfield, that comes off the Vicksburg, Shreveport & Pacific?

Mr. Geagan: Yes, sir; we do.

Mr. Cowan: You have division sheets that show what you receive out of that?

Mr. Geagan: Yes, sir.

Mr. Cowan: What divisions do you get on ordinary traffic other than lumber? Do you have a percentage basis?

Mr. Geagan: Yes, and there is a wide difference in the divisions

on general traffic, merchandise.

Mr. Cowan: Are your rates from stations on your line to and from points on the Vicksburg, Shreveport & Pacific to points on the Rock Island and points on the Iron Mountain, or to points beyond any of these lines—are your rates to and from your stations higher than the rates from the junction point on those lines? Take traffic generally; I am not speaking of lumber.

Mr. Geagan: Generally speaking, we carry the same rates to our

local stations as are carried to junctions.

759 Commissioner Harlan: Under the general class rates or commodity rates?

Mr. Geagan: Generally speaking, we do; yes, sir.

Mr. Cowan: Are the rates to Eros, which is not reached by any other road, the same as the rates to Tremont, generally speaking?

Mr. Geagan: Yes, sir; they are,

Mr. Cowan: That would be the same at Womack. Chatham, and those other stations, as I understand your answer.

Mr. Geagan: I will qualify that. In some instances there are dif-

ferences in the rates to those stations.

Mr. Cowan: Where there are differences, the rate, of course is higher to stations on your line than to the junction point?

Mr. Geagan: Yes.

Mr. Cowan: How far is Eros from Tremont?

Mr. Geagan: Eleven miles.

Mr. Cowan: Do you get any division on the rates to and from the Tremont Lumber Company on traffic other than lumber?

Mr. Geagan: Yes. Mr. Cowan: Well, would you get it if it is delivered to the Tremont Lumber Company at Rochelle? Suppose they shipped a carload of commissary or other supplies to Rochelle over the 760 Iron Mountain, would you get a division out of that?

Mr. Geagan: If we handled the car, we would.

Mr. Cowan: I wanted to find out if you do handle it. Do you handle that business?

Mr. Geagan: Sometimes.

Mr. Cowan: Generally, do you, or not?

Mr. Geagan: Generally we do. Mr. Cowan: And at Jonesboro? Mr. Geagan: And at Jonesboro.

Mr. Cowan: Is it not a fact that practically all of the business that the Tremont Lumber Company ships into Rochelle and Jonesboro is delivered to your station rather than the others?

Mr. Geagan: All of it is?

Mr. Cowan: I think I used the words "practically all."

Mr. Geagan: Well, yes; I think practically all,

Mr. Cowan: The intention is to do that, of course, because of the relation of the companies. And what is the basis of your division in that case, the same as if it were shipped to Eros?

Mr. Geagan: In some cases, yes, and some different.

Mr. Cowan: Your division sheets generally are filed, are

761 they, as well as on lumber?

Commissioner Harlan: They are going to be filed. Is the inbound division the same ordinarily as the outbound division on similar rates?

Mr. Geagan: Yes, sir.

Mr. Cowan: It seems from information which we have that there are certain switching allowances received from connecting carriers of \$3.00 per car at Winnfield. What does that apply to?

Mr. Geagan: It applies to shipments received by us, destined to a point on our rails within the yard limits at Winnfield, where we do nothing more than switch the car on a switching way bill.

Mr. Cowan: But that does not apply to lumber in any way.

Mr. Geagan: Yes, it applies to lumber.

Mr. Cowan: For what purpose would you be receiving lumber at Winnfield from another road?

Mr. Geagan: Well, the rate applies on lumber. I do not know whether we have handled any lumber on that arrangement lately.

Mr. Cowan: There would not be any place to move it, unless you handled it on a through bill of lading to Tremont.

762 Mr. Geagan: We might want to unload it on our team track.

Mr. Cowan: Do you know what the tonnage or number of carloads of logs amounts to which the Tremont Lumber Company haul to Jonesboro and Rochelle over your line?

Mr. Geagan: I do not.

Mr. Cowan: Do you keep any record that shows that, that you know of?

Mr. Geagan: I do not.

Mr. Cowan: You keep the traffic statistics, do you not?

Mr. Geagan: I do.

Mr. Cowan: Do you know about what the amount of traffic in logs is which is handled by the Tremont Lumber Company to Winnfield, that are delivered to the Mansfield Hard Wood Company?

Mr. Geagan: No.

Mr. Cowan: You could furnish the total number of carloads of logs that are hauled?

Mr. Geagan: It could be furnished.

Mr. Cowan: I wish you would make a statement showing the total number of carloads hauled by that company by their own equipment, without any compensation to the railroad company during the period of the year ending June 30, 1910, assum-

ing that you have not the statistics at hand. When the logs are taken to the Mansfield Hard Wood Lumber Com-

pany, do you know where they are delivered?

Mr. Geagan: They are delivered on the track at the Mansfield Lumber Company's mill.

Mr. Cowan: Are they delivered on your track?

Mr. Geagan: We own the track; yes.

Mr. Cowan: You own the track to that industry?

Mr. Geagan: We do. Mr. Cowan: Are there any other tracks than yours which reach the Mansfield Hard Wood Lumber Company's industry?

Mr. Geagan: No.

Mr. Cowan: All lumber, then, that is shipped out by that concern must first go over your line?

Mr. Geagan: Yes, sir.

Mr. Cowan: You get the same division out of that that you would on lumber shipped out from any other station on your line?

Mr. Geagan: We do.

Mr. Cowan: Either the three or six cents, according to the destination?

Mr. Geagan: Yes, sir.

Mr. Cowan: How much service do you perform for the 764 handling of that lumber of the Mansfield Hard Wood Lumber Company; what is the length of line you could haul it?

Mr. Geagan: We could haul it to Tremont, 50 miles, or to any of

the junctions, to Rochelle, a haul of 23 miles.

Mr. Cowan: If it were destined to points on the Rock Island, you would just switch it over to the Rock Island, would you not? Mr. Geagan: We carry no through rates from Winnfield in con-

nection with the Rock Island on lumber.

Mr. Cowan: So you do not ship any lumber at all by way of Winnfield and the Rock Island connection?

Mr. Geagan: Not originating at Winnfield.

Mr. Cowan: But do you ever ship any lumber of the Mansfield Hard Wood Lumber Company to the Rock Island tracks to be sent out on that line?

Mr. Geagan: We have not. Mr. Cowan: You have carried all that lumber either by way of Rochelle or Tremont?

Mr. Geagan: The fact is the Mansfield Hard Wood Lumber are just beginning operations, and they have only shipped one car of lumber from there so far. 765

Mr. Cowan: It is a new industry, then?

Mr. Geagan: Yes.

Commissioner Harlan: I think perhaps most of these matters can be worked out from the tariffs, can they not?

Mr. Cowan: Probably so. I did not understand, I suppose it is my inability to understand, some way or other, but I did not understand about the \$3.00 switching charge at Winnfield and to what

Commissioner Harlan: I do not understand some phases of that, but I suppose the tariffs will enable us to study that out.

Mr. Cowan: I want to make just this inquiry about that \$3.00 switching charge. You say that does not apply to lumber, as a

Mr. Geagan: It applies on lumber.

Mr. Cowan: Under what circumstances would it apply to a carload of lumber?

Mr. Geagan: If a man received a carload of lumber destined to Winnfield, coming in over the line of any other road, and demanded Tremont & Gulf delivery.

Mr. Cowan: To whom would the \$3.00 be charged? Mr. Geagan: The line delivering us the car.

766 Commissioner Harlan: That line would absorb it, do you mean?

Mr. Geagan: They would pay us. I do not know whether they would absorb it on all shipments or not.

Mr. Garwood: I did not understand the question,

Commissioner Harlan: The point is this: Mr. Cowan directed the attention of the witness to a switching charge of \$3.00, which he understood was assessed at Winnfield, and by way of illustration

he asked what charge the Tremont & Gulf would make on a carload inbound to Winnfield over the Rock Island or one of the other lines that required delivery on the Tremont & Gulf tracks, and the witness says the Tremont & Gulf would make a charge of \$3.00 against its connection. The question is whether the connection would absorb that charge, and the witness does not know.

Mr. Garwood: I suppose the tariffs will show that.

Commissioner Harlan: Yes.

Mr. Cowan: Do you know of its having, in fact, been applied on any shipment of lumber?

Mr. Geagan: At Winnfield?

Mr. Cowan: Yes.

Mr. Geagan: Yes. Mr. Cowan: What

Mr. Cowan: What road did the car come in over?

Mr. Geagan: I cannot say offhand. I don't remember

which particular road it came in over.

Mr. Cowan: And what would you do with the car; what would you have to do with it? Would it be set over on an exchange track?

Mr. Geagan: From our interchange track we would place it on

the consignee's track.

Mr. Cowan: On this car you say you know of, did you do that?

Mr. Geagan: Yes, sir.

Mr. Cowan: To whom did you charge the \$3.00?

Mr. Geagan: The road delivering us the car.
Mr. Cowan: Did they absorb it out of the rate to Winnfield?

Mr. Geagan: I could not say as to that.

Commissioner Harlan: That is the point he does not know about.

The tariffs will show.

Mr. Coleman: Does not that switching rate apply out?

Mr. Geagan: Yes, sir.

Mr. Coleman: Is it not so, that you are charging that \$3.00 a car for the hard wood lumber that leaves the Mansfield mill and goes to the Rock Island track?

Mr. Geagan: If it moves under our tariffs; yes, sir.
Mr. Coleman: And is not that \$3.00 charge for precisely the same service that you get six cents per 100 pounds when it is up at

Jonesboro or Rochelle?

Mr. Geagan: No.
Mr. Coleman: It is a switch from the Mansfield mill to the Rock
Island connection——

Commissioner Harlan: How do the two movements differ?

Mr. Geagan: On the movement at Winnfield our connection will furnish the car and we will simply put it on the man's track to unload it and turn it back to them, and we do not weigh the car, and in the other case we perform all the service.

Commissioner Harlan: Furnish the car?

Mr. Geagan: Yes.

Commissioner Harlan: It is very often a foreign car?

Mr. Geagan: Yes, sir.

Commissioner Harlan: You just set it there; is that all?

Mr. Geagan: Yes.

Commissioner Harlan: Don't you do precisely the same thing at Winnfield, charge in one case six cents per 100 769 pounds and in the other \$3.00 a car.

Mr. Geagan: In the case in question at Winnfield we do

not weigh the car, but set it on the track.

Commissioner Harlan: That is the only difference, is it not, you do not weigh it?

Mr. Geagan: Yes, sir.

Commissioner Harlan: And you do not bill it at Winnfield?

Mr. Geagan: We do not bill it at Winnfield.

Commissioner Harlan: And you do bill it at Jonesboro and Rochelle?

Mr. Geagan: Yes.

Commissioner Harlan: But with the exception of billing it and weighing it, the service is the same on the outward movement?

Mr. Geagan: Yes, possibly so.

Mr. Cowan: I wanted to see why, in case the shipment was brought in over the Rock Island, which they paid \$3,00 for, why the car could not be unloaded on the Rock Island tracks, without their giving up anything in coming to Winnfield.

Mr. Geagan: Possibly the consignce wanted delivery on our track

for some reason.

Mr. Cowan: Why don't you charge him the same rate, if 770 he is situated where he wants delivery on your tracks, as

you would on an outbound shipment that originated on your tracks for the same consignee? You would get six cents in one case and in the other case only \$3.00.

Mr. Geagan: We simply handle that as a switch movement at

Winnfield.

Commissioner Harlan: That has already been explained. large are the shipping limits of Winnfield, how extensive?

Mr. Geagan: Our yard limits are something like a mile. Commissioner Harlan: I mean the entire switching limits.

Mr. Geagan: Of our line or all lines? Commissioner Harlan: All lines.

Mr. Geagan: It embraces the four lines of railroad; possibly a square mile, or something like that,

Commissioner Harlan: Are there any industries that are on your line and also on the Rock Island?

Mr. Geagan: No. sir.

Mr. Coleman: I wanted to inquire what other outbound joint through rates you have other than on lumber.

Mr. Geagan: We have them on classes and commodities generally

to jobbing points.

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Mr. Coleman: On all classes and commodities?

Mr. Geagan: Not all.

Mr. Coleman: 1 suppose that will appear. Commissioner Harlan: He has stated that.

Mr. Coleman: Have you on cattle?

Mr. Geagan: No, not on cattle—yes, to St. Louis we have on cattle.

Mr. Coleman: Have you on peanuts?
Mr. Geagan: We have on peanuts.

Mr. Coleman: I believe Judge Garwood asked you if your divisions compared with the local Louisiana distance tariff rates, and you answered yes. Is that correct?

Mr. Geagan: I referred to lumber when I answered him.

Mr. Coleman: Is that correct?

Mr. Geagan: The divisions are slightly lower than our local rates.

Mr. Coleman: What is the minimum under the Louisiana distance tariff?

Mr. Geagan: The minimum hauled on our line, do you mean?

Mr. Coleman: Prescribed in Louisiana. I understand they fix a minimum haul up to five miles, with a maximum rate for that haul.

Mr. Geagan: Five miles is the minimum on our line.

772 Mr. Coleman: What do you get for five miles?

Mr. Geagan: Six cents per 100 pounds. Mr. Coleman: Under the Louisiana tariff?

Mr. Geagan: Under our Louisiana tariff.

Mr. Coleman: I mean, does the local distance tariff of Louisiana allow you to charge six cents per 100 pounds for five miles?

Mr. Geagan: It does.

Mr. Coleman: Have you reference to that tariff?

Examiner Burchmore: Here is a complete list of this company's tariffs.

Mr. Coleman: Does it show lower than five miles?

Examiner Burchmore: I have not the tariffs themselves; only a list of the tariffs.

Mr. Geagan: 3-B, I. C. C. No. 58.

Mr. Coleman: I do not think it is important enough to stop.

Commissioner Harlan: No.

Mr. Jeffery: Are you not mistaken when you say you get six cents per 100 pounds division to points on the Cotton Belt? I am informed by the Cotton Belt that is not the case.

Mr. Geagan: I did not understand the question was that

773 way.

Mr. Seaman: Do you have divisions to points on the Santa

Fe?

Mr. Geagan: No.

Mr. Jeffery: You do not get a division to points on the Cotton Belt?

Mr. Geagan: No.

Commissioner Harlan: I do not recall the witness having said that he did.

Mr. Coleman: You ship some lumber to Kansas, do you not?

Mr. Geagan: Yes, sir; some.

Mr. Coleman: Your division is six cents on that traffic, is it not?

Mr. Geagan: Some of it; yes, sir.

Mr. Coleman: Most of it; nearly all of it; in fact, all of it.

Mr. Geagan: I would not say all of it.

Mr. Coleman: But a considerable portion of your lumber does move to Kansas, a very considerable portion?

Mr. Geagan: I do not know just what proportion.

Mr. Cowan: One question which I should have asked: In the operation of your company's business, as traffic manager, has the Tremont Lumber Company at any time routed its 774 own freight other than giving the destination of the freight?

Mr. Geagan: Yes, they have. Mr. Cowan: To what extent have they done that?

Mr. Geagan: It is very seldom they do it.

Mr. Cowan: Do they make out the bills of lading in their office when they load a car to be shipped out from Rochelle, say?

Mr. Geagan: They make bills of lading.

Mr. Cowan: And on that they name the destination?

Mr. Geagan: They do.

Mr. Cowan: And when you make out the way bill you name the route, do you?

Mr. Geagan: Yes, sir.

Mr. Cowan: Just how do you handle that bill of lading; do they send it to your office made out to be stamped and signed?

Mr. Geagan: Our local agent signs the bill of lading.

Mr. Cowan: They make it out and he signs it?

Mr. Geagan: Yes.

Mr. Cowan: Then your local agent makes out the way bills?

Mr. Geagan: He makes the way bills,

Mr. Cowan: Do you have a standard set of rules for your 775 agent to go by in routing traffic to a given destination; say, Kansas, Colorado, Central Freight Association territory, and the like?

Mr. Geagan: No, we have no set rule to go by. Mr. Cowan: How does he know how to route it?

Mr. Geagan: According to the tariffs,

Mr. Cowan: But the tariffs may apply via the Iron Mountain or the Rock Island, either,

Mr. Geagan: It is governed largely by the class or kind of car it is in.

Mr. Cowan: Suppose it is one of your cars.

Mr. Geagan: He would call upon me as general freight agent for routing.

Mr. Cowan: When he does that, by what route do you preferably send that car?

Mr. Geagan: I would not say we sent it preferably by any route. Mr. Cowan: Do you have any arrangement by which you give

the Rock Island a certain percentage of your traffic?

Mr. Geagan: We have not. Mr. Cowan: Have you any such arrangement with any other

776Mr. Geagan: We have not.

Mr. Cowan: In fact, what proportion do you give to the Rock Island?

Mr. Geagan: We give them 35 per cent, approximately, of our entire movement.

Mr. Cowan: Of lumber? Mr. Geagan: Of lumber.

Mr. Cowan: And the other is divided how; between the Iron Mountain and the Arkansas & Louisiana, the Vicksburg, Shreveport

& Pacific; what ratio is the other division of the traffic?

Mr. Geagan: The Vicksburg, Shreveport & Pacific will get about one-third of our entire output, and the Iron Mountain; the balance is divided between the Iron Mountain and the L. R. & N. at Winnfield. The Iron Mountain, I suppose, 20 per cent.

Mr. Cowan: The Vicksburg, Shreveport & Pacific's traffic all

moves east of the Mississippi River, I suppose.

Mr. Geagan: Not all of it.

Commissioner Harlan: Judge Cowan, you have exceeded your one question.

Mr. Cowan: I beg your pardon. I am through.

Examiner Burchmore: A question that ought to have been asked of the former witness I think you will be able to answer. This traffic agreement between the lumber interests and the Tremont & Gulf Railroad Company provides that the lumber companies will make arrangements for coal and water supply for the lumber company engines operating under this traffic agreement, but that the railroad company agrees to furnish coal and water for those engines at cost, where it is desired by the lumber company. Now, as a matter of fact, does the lumber company obtain the coal for its engines from the railway company?

Mr. Geagan: I could not say; I do not know.

Examiner Burchmore: Do you know as regards water?

Mr. Geagan: I do not know.

Commissioner Harlan: Mr. Fick, what do you know about that?
Mr. Fick: The lumber company buys its own coal except at
Chatham. We furnish them coal, and bill on them at the same price
we bill to other parties.

Commissioner Harlan: That is, cost: is it?

Mr. Fick: Practically, adding just ten or fifteen per cent more to pay for the handling. And for water, they pay fifty cents a tank, and we pay the same wherever we take it.

Examiner Burchmore: The contract seems to provide that the Tremont & Gulf shall use all adequate and reasonable means to provide cars for shipments for the Tremont Lumber Company. It further provides when it shall fail to move or furnish cars as requested by the lumber company, then the lumber company shall have the right, if they desire, to go to one of the trunk lines and get cars, haul them empty with their own engines to the mill, there load them and haul them back to the division with the trunk line, for their shipments to interstate points. Are you advised whether that has ever been taken advantage of?

Mr. Geagan: It has never been taken advantage of to my knowl-

edge.

Examiner Burchmore: It further provides, as I understand it,

that the railway company shall have the right to control the routing of all traffic in lumber furnished by the Tremont Lumber Company. That is your understanding?

Mr. Geagan: They allow us to route the lumber except in some

particular case, where-

Examiner Burchmore: That is all.

(Witness excused.)

779 Mr. Garwood: I neglected to introduce the income account statistics for the year ending June 30, 1910 by months.

(The paper so offered and identified was received in evidence and thereupon marked Tremont & Gulf Exhibit No. 4, witness Geagan, received in evidence December 10, 1910, and is attached hereto.)

Mr. Garwood: Now, we have two or more witnesses who are citizens on the line, business men. I do not know that they will add very much to what your Honor wants to know, and unless you wish to examine them-

Commissioner Harlan: They would testify to the specific service and promptness of the service and the building up of the terri-

Mr. Garwood: Yes.

Commissioner Harlan: The record may show that if they were called, they would so testify.

Mr. Garwood: J. H. Frazier, and an independent lumber man on

the line.

Commissioner Harlan: Very well, the record will show that would be the tendency of their testimony. We will next call the Warren, Johnsville & Saline River Railroad.

Mr. Cowan: Before your Honor calls the next case I wish to inquire if the gentleman representing the Tremont Lumber 780

Company is here, Mr. Carpenter.

Mr. Seaman: He is here.

Mr. Cowan: I wanted to ask some questions of Mr. Carpenter in regard to the lumber company's operations on the Tremont & Gulf Railroad, as a part of this investigation.

Commissioner Harlan: Will you make that rather short?

Mr. Cowan: If Mr. Carpenter is going to remain over until Monday we will postpone it until Monday.

Mr. Seaman: Get through with him now.

Commissioner Harlan: Close it as soon as you can.

S. J. Carpenter was called as a witness, and having been duly sworn, testified as follows:

Mr. Cowan: Have you a record of the amount of logs which you haul over the tracks of the Tremont & Gulf Railway?

Mr. Carpenter: Yes.

Mr. Cowan: Will you please furnish it, covering a year? Mr. Carpenter: Yes, sir. Of course I haven't it with me.

Mr. Cowan: I know, but you will furnish it. Mr. Garwood: State what year; the exact time.

Mr. Cowan: I was about to say the year ending June 30, 1910.

Mr. Seaman: Mr. Geagan has stated that already.

781 Mr. Cowan: Stating separately the logs hauled to the different mills.

Mr. Carpenter: Yes.

Mr. Cowan: Do you do any milling operation except on the line of the Tremont & Gulf Railway?

Mr. Carpenter: The Tremont Lumber Company does not; no,

sir.

Mr. Cowan: Is there any lumber company connected with the Tremont & Gulf Railway for whom you do any logging, or haul any logs?

Mr. Carpenter: The lumber company connected with the Tremont

& Gulf Railway?

Mr. Cowan: Located on the Tremont & Gulf, I should say.

Mr. Carpenter: For whom we do logging? Mr. Cowan: For whom you haul logs.

Mr. Carpenter: No. We sell some logs for the Mansfield Hard Wood Company, or are arranging to. We have not sold them any to amount to anything.

Mr. Cowan: Delivered at Winnfield? Mr. Carpenter: Delivered at Winnfield.

Mr. Cowan: Does the price which you get for those logs depend upon some contract, or is it the price which anybody

782 else would supply logs at, at Winnfield?

Mr. Carpenter: Yes; it is the market price. We are not hard wood manufacturers, and have intermingled with our timber more or less hard wood that we wished to log when we were getting off the pine, and we sought a purchaser for the hard wood, and the Mansfield Company wished to operate our hard wood, and we explained to them before making the contract that we had entered into an agreement with the Tremont & Gulf Railroad Company covered by this trackage agreement which has been referred to here, that we could not part with the control of the tonnage arising from that timber, and if they bought of us that hard wood timber, they must respect the contract we had made with the Tremont & Gulf Railway Company.

Mr. Cowan: If you sell it to them delivered at Winnfield, I do

not see why they would have anything to do with the matter.

Commissioner Harlan: The Tremont & Gulf gets the outbound tonnage, is what he means.

Mr. Carpenter: Yes.

Mr. Cowan: You could only sell them timber if they would give the tonnage to the Tremont & Gulf?

783 Mr. Carpenter: Yes. Of course under this contract we would not be allowed to sell any of this timber, for we induced the Tremont & Gulf to extend these lines with that understanding, that we would give them the tonnage.

Mr. Cowan: You could not sell them the timber, even if they were willing to pay you for hauling it out there, unless they would

deliver the tonnage?

Mr. Carpenter: Unless they were willing to enter into a contract

for the tonnage.

Mr. Cowan: All your other timber is subject to that contract, and you have no right to dispose of it unless the product goes back as freight to the Tremont & Gulf?

Mr. Carpenter: Yes.

Mr. Cowan: You get the market price at Winnfield?

Mr. Carpenter: Well, we made the best sale we could They, of course, took that into consideration.

Mr. Cowan: But it would be based on that, of course.

Mr. Carpenter: They had to take into consideration the circumstances under which they would have to operate.

Commissioner Harlan: What is that hard wood?

Mr. Carpenter: It is largely oak. There is some gum.
Commissioner Harlan: Where is the market?

784 Mr. Carpenter: I think they are exporting it largely, although the agricultural implement people are large buyers in that neighborhood.

Mr. Cowan: Do you sell to anybody else except the company you have just mentioned?

Mr. Carpenter: Yes, sir.

Mr. Cowan: Do they buy from anybody else except you?

Mr. Carpenter: Yes,

Mr. Cowan: How do they get it?

Mr. Carpenter: I say they do, but they are not operating yet, but it is their plan to buy from other people, and they will have to make their own arrangements for transportation.

Mr. Cowan: But they could buy lumber on the Rock Island and

the L. & A.?

Mr. Carpenter: I understand it is their plan to ship in on the Louisiana Railroad & Navigation Company, and they are building plants on their track now.

Mr. Cowan: How many miles of logging road does your company

operate?

Mr. Carpenter: We have in operation now some 55 or 60 miles of track. The lumber company owns rails that do not happen to be needed at this time, to lay more track, at this time.

Mr. Cowan: At how many points do you connect with the

Tremont & Gulf with your logging road?

Mr. Carpenter: There are three principal points, although I believe now we have temporary spurs off it at one or two other points for a little bit of timber.

Mr. Cowan: Name the points.

Mr. Carpenter: They are not necessarily regular stations, you know.

Mr. Cowan: Well, they are connecting points?

Mr. Carpenter: The first one leaving, coming down on the Rochelle branch, is seven miles from the mill at Rochelle. The logging camp that is supplying the Eros mill leaves the main line of the Tremont & Gulf about five miles above Eros and goes off 15 or

20 miles. Jonesboro is the same way, about half way between Jonesboro and Sikes it branches off from the main line.

Mr. Cowan: In the operation of your logging road, do you use

your regular logging cars?

Mr. Carpenter: Well, our regular logging cars; yes, sir; they are not a light skeleton car, but all of our new equipment we are buying is 40 foot 80,000 pound capacity cars, very fine 786 cars

Mr. Cowan: In returning these cars to the lumbering dis-

trict, do you carry anything out on them?

Mr. Carpenter: No, everything is shipped in a regular way, except we are allowed under our contract to move camp equipment and that sort of thing, but nothing in the way of supplies that are billed out by the railroad company.

Mr. Cowan: Have you an estimate of what it costs you per thou-

sand feet to deliver your logs at the mill?

Mr. Carpenter: Yes, sir; we keep records of that sort.

Mr. Cowan: Which show that?

Mr. Carpenter: Yes.

Mr. Cowan: I wish you would just file a statement.

Mr. Carpenter: I do not want to do that unless there is some very good reason why it should be done. The Tremont Company's cost of logging—of course there are a great many factors.

Mr. Cowan: I will pass that for the moment and ask you a general question as an expert, then. What is the reasonable cost of operating a logging train per train mile, of the ordinary sort?

operating a logging train per train mile, of the ordinary sort?

Mr. Carpenter: Well, it depends so much upon the character of the road, whether it is a main line or train road, for

the maintenance, that I could not give it to you,

Mr. Cowan: Well, generally speaking, what do you consider the cost for logging mills per train mile for the cost of hauling the logs? We are all ignorant of that, and have no information as to what those things ought to cost, or give it per thousand feet.

Mr. Carpenter: You are speaking about the cost of taking the logs from the end of the tram roads and moving them to the main line of

the railroad?

Mr. Cowan: I am speaking of the train operation after the logs have been loaded.

Mr. Carpenter: I will just explain to you briefly-

Commissioner Harlan: Suppose you say first whether you know or not.

Mr. Carpenter: I have records which show exactly, but I have not them with me.

Mr. Cowan: Go ahead.

Mr. Carpenter: What I wished to tell him was the cost of hauling on the main line is much less than it is in the woods.

. Commissioner Harlan: Do you mean the main line in the

788 woods?

Mr. Carpenter: Of the Tremont & Gulf in our case, or a main line that is well kept up.

Mr. Cowan: My purpose is to get just that. State the cost per

train mile or per thousand feet on the main line of a logging road. well kept up, or any other unit basis you have in mind.

Mr. Carpenter: I cannot give it.

Commissioner Harlan: Well, I do not suppose this case is going to be decided on that, anyway. Have you anything further of this witness?

Mr. Cowan: Where do you sell the principal part of your lumber

output?

Mr. Carpenter: We sell it over a large territory, Central Freight Association, and Western Trunk Line Territory takes perhaps twothirds of our output; and it is scattered from New England to Texas.

Mr. Cowan: And in the territory west of the Missouri River, and

Texas?

Mr. Carpenter: Yes, sir.

Mr. Cowan: Oklahoma and Kansas?

Mr. Carpenter: Yes, sir.

789 Mr. Cowan: In all these places you meet the ordinary competition in the lumber business in the sale of your product?

Mr. Carpenter: Yes.

Mr. Cowan: Do you sell it on a delivered price at the point of delivery, or do you sell it at the mill basis price?

Mr. Carpenter: We guarantee the weights, and make practically a delivered price, but do not guarantee delivery. Commissioner Harlan: That is practically universal, is it not?

Mr. Carpenter: Yes, sir.

Mr. Cowan: You do have for your own purposes an estimated price at the mill?

Mr. Carpenter: Yes.

Mr. Cowan: And that is usual with lumber companies?

Mr. Carpenter: Yes.

Mr. Cowan: What is your annual output?

Mr. Carpenter: We are manufacturing about on the basis of 100,000,000 feet a year now,

Commissioner Harlan: How many carloads does that make?

Mr. Carpenter: I should say 7,000

Mr. Cowan: This lumber you manufacture is pine lumber? Mr. Carpenter: Yes.

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Mr. Cowan: Known by any particular name. Long Leaf

Mr. Carpenter: Long Leaf yellow pine.

Mr. Cowan: And the same character of pine is supplied by mills in Louisiana, Arkansas and eastern Texas?

Mr. Carpenter: Yes, sir.

Mr. Cowan: I would like to ask one question, if you can state what it costs you from the stump to the mill to log your mill.

Mr. Carpenter: I have no figures on that. It varies under dif-

ferent conditions.

Commissioner Harlan: Have you any mill that is connected by a spur track with the Rock Island?

Mr. Carpenter: No, we have no track except the Tremont & Gulf to our mills.

Commissioner Harlan: Have you ever had any spurs to any of your mills from the Iron Mountain or Rock Island?

Mr. Carpenter: No.

Mr. Cowan: Have you ever endeavored to get a spur track from any of the other roads?

Mr. Carpenter: No.

Mr. Cowan: Naturally, your situation with the Tremont & 791 Gulf is such that as a business matter, you would not do that.

(No response.)

(Witness excused.)

792 Warren, Johnsville & Saline River Railroad.

Mr. Gaughan: I will call Mr. Forsyth.

J. F. Forsyth was called as a witness, and having been duly sworn, testified as follows:

Commissioner Harlan: Where do you reside?

Mr. Forsyth: Warren, Arkansas.

Commissioner Harlan: What is your business?

Mr. Forsyth: I am general manager of the Warren, Johnsville & Saline River Railroad.

Commissioner Harlan: How long have you been connected with that line?

Mr. Forsyth: Since it was built.

Commissioner Harlan: When was it built?

Mr. Forsyth: 1902.

Commissioner Harlan: By whom?

Mr. Forsyth: By the Bradley Lumber Company.

Commissioner Harlan: Was it completely built at that time?

Mr. Forsyth: No, sir.

Commissioner Harlan: How much was built when you went there in 1902?

793 Mr. Forsyth: Six miles completed at once.

Commissioner Harlan: It now extends from Warren to Hermitage?

Mr. Forsyth: Yes, sir.

Commissioner Harlan: Warren is on what line, on the Iron Mountain?

Mr. Forsyth: On the Iron Mountain.

Commissioner Harlan: And Hermitage is on the Rock Island?

Mr. Forsyth: Yes, sir.

Commissioner Harlan: Were you enjoying divisions on manufactured lumber or on logs when those six miles were the only part of the completed line?

Mr. Forsyth: Yes, sir.

Commissioner Harlan: You got those divisions from the Iron Mountain?

Mr. Forsyth: Yes, sir.

Commissioner Harlan: What did they amount to? What was the minimum and the maximum?

Mr. Forsyth: I think it was a blanket of two cents, if I remember correctly now

Commissioner Harlan: What had it been for some time before you went there?

794 Mr. Forsyth: I think it was that way all the time; that is as far as my knowledge goes.

Commissioner Harlan: Is that the highest division you have ever received from the Iron Mountain?

Mr. Forsyth: Up to date?

Commissioner Harlan: Up to date.

Mr. Forsyth: No. sir.

Commissioner Harlan: When was the line extended south to Hermitage?

Mr. Forsyth: 1905.

Commissioner Harlan: Was that done by one contract of construction?

Mr. Forsyth: It was done under contract of construction; yes, sir, Commissioner Harlan: That is, you first had six miles and the next time you built, you built right through to Hermitage?

Mr. Forsyth: No.

Commissioner Harlan: How many miles did you next build?

Mr. Forsyth: Four miles, to make the connection to Hermitage. Commissioner Harlan: Then there was a line running out from Hermitage?

795 Mr. Forsyth: We had four miles additional to build, making ten miles, by 1905, and then we made an addition of four miles and a fraction to reach Hermitage. We are not quite at Her-

mitage; the junction is a mile north of Hermitage. Commissioner Harlan: The Bradley mill is at Warren?

Mr. Forsyth: Yes. sir.

Commissioner Harlan: After you made the next extension to the six mile track, did you get any high division from the Iron Mountain?

Mr. Forsyth: No, sir.

Commissioner Harlan: You had not connected with the Rock Island, so you were not getting any divisions from the Rock Island at that time?

Mr. Forsyth: No, sir.

Commissioner Harlan: When did you reach the Rock Island rails?

Mr. Forsyth. I am not quite sure of the year, Judge; it was either 1905 or 1906, along in May or June of that year.

Commissioner Harlan: Did you reach the main track or a spur track of the Rock Island?

Mr. Forsyth: Well, it is what we call the main track there, but it is considered a spur connection, I think, of the Rock 796 Island main line which runs from Tinsman to Crossett.

do not know whether the Rock Island considers it main line or not. Commissioner Harlan: At the time you reached the Rock Island rails, the Warren, Johnsville & Saline River Railroad, as it is now called, was still the property of the Bradley Lumber Company?

Mr. Forsyth: It was still the property of the Bradley Lumber Company until 1905; yes, sir. It was not incorporated until that time.

Commissioner Harlan: After reaching the Rock Island rails, the title to the property was turned over to the railroad corporation?

Mr. Forsyth: Yes, sir.

Commissioner Harlan: Organized under the laws of the State of Arkansas?

Mr. Forsyth: Yes, sir.

Commissioner Harlan: With what capital stock, authorized?

Mr. Forsyth: \$200,000.

Commissioner Harlan: And issued? Mr. Forsyth: \$50,000.

797 Commissioner Harlan: What is the mileage of the completed road?

Mr. Forsyth: It is 14.8 miles outside of the yard limits; the yard limits take up 11/8 or 1 1/6 miles.

Commissioner Harlan: What was the cost of that construction? Mr. Forsyth: Something over \$200,000, including equipment. Commissioner Harlan: That is what it cost the Bradley Lumber

Company?

Mr. Forsyth: Yes, sir.

Commissioner Harlan: And it was turned over to the railroad company, and simply a nominal issue of stock of \$50,000 was made?

Mr. Forsyth: Yes, sir.

Commissioner Harlan: And that was issued to the Bradlev Lumber Company, or its officers, or stockholders?

Mr. Forsyth: It was issued to stockholders.

Commissioner Harlan: So that the railroad is owned by the same people who own the lumber company?

Mr. Forsyth: I think practically so.

Commissioner Harlan: What is the character of the roadbed; is it a ballasted road? 798

Mr. Forsyth: Yes, sir.

Commissioner Harlan: What iron do you use?

Mr. Forsyth: It was originally started at 35 pound steel, but we have changed some of that now, and we have a little over-there is about six and a half miles of 60 pound, and we are gradually replacing the 35 pound with 60 pound as fast as we can.

Commissioner Harlan: What equipment have you?

Mr. Forsyth: We have three locomotives and about 50 logging

Commissioner Harlan: And passenger cars?

Mr. Forsyth: No passenger cars; we do not run a passenger car. Commissioner Harlan: Do you do any passenger business?

Mr. Forsyth: No.

Commissioner Harlan: Mail or express business?

Mr. Forsyth: No.

Commissioner Harlan: Do you own the right of way?

Mr. Forsyth: Yes, sir.

Commissioner Harlan: Do you own the equipment?

Mr. Forsyth: Yes, sir; all of it.

799 Commissioner Harlan: Have you any bonded indebtedness?

Mr. Forsyth: Yes, sir.

Commissioner Harlan: What does it amount to?

Mr. Forsyth: I think that there was \$200,000 worth of bonds issued. I am not in a position to give you that exact information. I did not know the extent of this inquiry, and I will have to depend on our reports to the Commission, to be exact on it.

Commissioner Harlan: Very well; that will be understood.

Mr. Gaughan: We will furnish a statement showing the bonds outstanding.

Mr. Forsyth: I will have it furnished.

Commissioner Harlan: And the rate of interest?

Mr. Forsyth: And the rate of interest.

Examiner Burchmore: You stated you had no passenger cars?

Mr. Forsyth: No.

Examiner Burchmore: In one of the reports to the Commission it says your company has two passenger cars owned.

Mr. Forsyth: It is a mistake; they are cabooses.

Commissioner Harlan: Do you carry passengers in the cabooses?

Mr. Forsyth: We used to carry them, but that matter was up before the Arkansas Railroad Commission, whereby they wanted us to put on regular service, and I took it up with the State Commission, and owing to the fact there were so very few passengers. I asked to be relieved from that duty.

Commissioner Harlan: The passengers you do carry in cabooses you make no charge for?

M. D. O Charge

Mr. Forsyth: No.

Examiner Burchmore: There was a time, according to your time table, that you had a mixed train.

Mr. Forsyth: We filed that. We practically do that; yes; it is

simply to comply with your regulations; that is all.

Commissioner Harlan: There is no regulation which requires you to file a passenger time-table you have a passenger car, is there?

Mr. Forsyth: I do not know; under the laws of the State of Arkansas—

Commissioner Harlan: Well, it is a fact you do not sell tickets, and you make no charge?

Mr. Forsyth: No.

Commissioner Harlan: And you do carry passengers simply as an accommodation on a caboose car?

Mr. Forsyth: Yes.

Commissioner Harlan: What inducements were held out to you aand by whom, to build this connection over to Hermitage?

Mr. Forsyth: Well, we thought that the road would be a paying proposition, and we needed other outlets.

Commissioner Harlan: Well, it was the outlet that was the inducement, was it not?

Mr. Forsyth: Principally.

Commissioner Harlan: And the things that accompany the outlet?

Mr. Forsyth: Yes.

Commissioner Harlan: Did you have a promise of divisions which were higher than you had been receiving?

Mr. Forsyth: Yes, sir.

Commissioner Harlan: You had that promise before you built over there?

Mr. Forsyth: Yes.

Commissioner Harlan: Was it agreed what the division should be?

Mr. Forsyth: I do not know. That agreement was completed

after-

S02 Commissioner Harlan: I do not mean the written agreement, but you understood you were going to get higher agreements or divisions than two cents per hundred pounds?

Mr. Forsyth: Yes.

Commissioner Harlan: And you do get five cents per 100 pounds?

Mr. Forsyth: Yes.

Commissioner Harlan: And it was understood you were to get five cents before you went over there, and that was a part of the inducement?

Mr. Forsyth: I would say yes, sir, but I did not negotiate this

arrangement.

Commissioner Harlan: Well, that is your understanding?

Mr. Forsyth: That is my understanding; yes, sir.

Commissioner Harlan: What forest does the Bradley Lumber Company own?

Mr. Forsyth: Well, we have 35,000 acres uncut yet.

Commissioner Harlan: What did they have when you went there?
Mr. Forsyth: I think they had in the neighborhood of 10,000 acres altogether, and that has been bought since.

Commissioner Harlan: 1 thought you said they had 35,000

803 acres now.

Mr. Forsyth: Yes.

Commissioner Harlan: And they had 10,000 then?

Mr. Forsyth: Yes.

Commissioner Harlan: And have bought the other since?

Mr. Forsyth: Yes, sir. I went there in 1901.

Commissioner Harlan: You went there in connection with the lumber company?

Mr. Forsyth: Yes.

Commissioner Harlan: Let me ask you at this point whether the officers of the railroad company are practically the same as the officers of the lumber company.

Mr. Forsyth: Practically; yes, sir.

Commissioner Harlan: And as officers of the railroad company, do they receive any salary from the railroad company?

Mr. Forsyth: Only myself.

Commissioner Harlan: Do you also receive a salary from the lumber company?

Mr. Forsyth: Yes, sir.

Commissioner Harlan: Compared to your salary as an official of the lumber company is your salary as an officer of the railroad company a substantial salary or nominal? 804

Mr. Forsyth: I should say a substantial salary.

Commissioner Harlan: Now, to return to the forests, do they lie off between Warren and Hermitage?

Mr. Forsyth: Not now. That part is all cut out. Our main

holdings are now south of Hermitage and east.

Commissioner Harlan: But east of the Rock Island branch line? Mr. Forsyth: All east of the Rock Island branch line; yes, sir. Commissioner Harlan: Have you some logging roads connected with your main line?

Mr. Forsyth: The arrangement that we have—the lumber company has five miles of spur lines connecting with the main line.

Commissioner Harlan: That is operated by the lumber company? Mr. Forsyth: It is operated by the railroad company at actual cost. which the lumber company refunds to the railroad company.

Commissioner Harlan: The lumber company has no locomotives

or equipment?

Mr. Forsyth: No equipment of any kind.

805 Commissioner Harlan: So you run your cars off on this spur track?

Mr. Forsyth: Yes.

Commissioner Harlan: And you have no trackage agreement, but simply operate at cost?

Mr. Forsyth: Simply operate at cost to the main line.

Commissioner Harlan: Have you determined what the cost is? Mr. Forsyth: Just the actual payroll and expenses. Of course the engines are on a rental basis.

Commissioner Harlan: I do not quite understand that. train crews and your engineers take your trains off onto the logging track.

Mr. Forsyth: Yes, sir.

Commissioner Harlan: The lumber company has no engineers or train crews?

Mr. Forsyth: No.

Commissioner Harlan: And every time you run a train off on the logging road and bring it back, can you take the time?

Mr. Forsyth: Well, there are two engines that are devoted altogether and stay on the spur track and we have only one engine that stays on the main line.

Commissioner Harlan: I see. So you charge all that ex-

806 pense to the lumber company?

Mr. Forsyth: We charge all that expense to the lumber company; yes, sir,

Commissioner Harlan: Have you a trackage arrangement with the Rock Island; do you bring in some over the Rock Island?

Mr. Forsyth: Yes, sir, but that is all finished now,

Commissioner Harlan: You do not do that any longer?

Mr. Forsyth: No; they are all cut out.

Commissioner Harlan: When did you cease running your trains over the Rock Island?

Mr. Forsyth: Last June, I think it was.

Commissioner Harlan: What was the trackage arrangement made at that time?

Mr. Forsyth: 75 cents per train mile on a basis of 36 cars to the

Commissioner Harlan: What is the daily output of the Bradley mill?

Mr. Forsyth: About practically 100,000 feet.

Commissioner Harlan: A day?

Mr. Forsyth: Yes, sir.

Commissioner Harlan: And it is using just this one spur track, or one logging road?

807 Mr. Forsyth: Yes, sir.

Commissioner Harlan: And that lies somewhat east of Hermitage?

Mr. Forsyth: Yes.

Commissioner Harlan: Perhaps a little to the south.

Mr. Forsyth: South and east.

Commissioner Harlan: And the logging road is seven miles, or five, did you say?

Mr. Forsyth: The logging road is five miles of spurs that we have:

these are spurs that are changed from one time to the other.

Commissioner Harlan: Yes, but at present you only have five miles of logging road running off the line of your road?

Mr. Forsyth: Yes, sir.

Commissioner Harlan: Do you haul over the logging road logs of any other than the Bradley Lumber Company?

Mr. Forsyth: No, sir. We never have done it.

Commissioner Harlan: Do you haul any general merchandise over that road except for the Bradley Lumber Company?

Mr. Forsyth: No, sir; not over the logging railroad.

Commissioner Harlan: It has a commissary, I suppose, out in the woods? 808

Mr. Forsyth: Yes, sir.

Commissioner Harlan: And it does receive supplies?

Mr. Forsyth: Yes, sir; those supplies are billed just the same as if it was an outside party; that is, to the lumber company.

Commissioner Harlan: You charge local rates?

Mr. Forsyth: The local rates are billed and way bills issued just the same.

Commissioner Harlan: Are there any rates running out into the woods?

Mr. Forsyth: We comply with the Arkansas State tariff in that respect.

Commissioner Harlan: Do you do any traffic of a general nature

on your line?

Mr. Forsyth: Well, very little, excepting we do a small per-

centage-we have three spurs out there for the accommodation of people, one about four miles, one about six and one about eight; they bring in staves, stave bolts, piling and ties, and we take out fertilizer and occasionally we bring in cotton seed.

Commissioner Harlan: Those are short loading tracks?

809 Mr. Forsyth: Short loading tracks; yes, sir.

Commissioner Harlan: What is the amount of that ton-

nage by the year?

Mr. Forsyth: It would not exceed ten per cent of the total.

Commissioner Harlan: Are the ties cut-

Mr. Forsyth: That is, I say that, figuring on the tonnage of the lumber and not on the tonnage of the logs.

Commissioner Harlan: Yes. Are those ties cut from the lands of the Bradley Lt. ber Company?

Mr. Forsyth: No.

Commissioner Harlan: That is all outside traffic?

Mr. Forsyth: Yes.

Commissioner Harlan: Has your railroad ever paid any dividends?

Mr. Forsyth: No, sir.

Commissioner Harlan: You file your annual and monthly reports with the Commission?

Mr. Forsyth: Yes, sir.

Commissioner Harlan: Do you recall what your total revenue from operation was last year?

Mr. Forsyth: No, sir; I cannot. I know it is approxi-

mately gross about \$35,000 to \$36,000, I think.

Commissioner Harlan: And your expenses of operation? Mr. Forsyth: About \$30,000; I think that is right. Commissioner Harlan: You had a slight net earning, then?

Mr. Forsyth: Yes.

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Commissioner Harlan: But you have not paid it out in dividends?

Mr. Forsyth: It was used on extensions and betterments,

Commissioner Harlan: As I understand it, you rent no property from the Bradley Lumber Company?

Mr. Forsyth: No.

Commissioner Harlan: And have no revenues except—what do you charge the Bradley Lumber Company for the haul from the lumber camps to the mill at Warren?

Mr. Forsyth: We charge the Bradley Lumber Company-we have a back haul coming in and we charge them \$6,00 a car, which is our regular published tariff.

Commissioner Harlan: Is that from the camp to the mill?

Mr. Forsyth: That is from the camp to the mill on all shipments made back to the Rock Island. That is shipments-there is no milling in transit arrangement on the Rock Island shipments.

There is on the Iron Mountain shipments.

Commissioner Harlan: Let me see if I get the point. You 811 haul the logs up to the junction with your line?

Mr. Forsyth: Yes.

Commissioner Harlan: At cost?

Mr. Forsyth: At cost; yes, sir.

Commissioner Harlan: That expense does not come into the \$6.00 at all?

Mr. Forsyth: No.

Commissioner Harlan: Then from the junction of the logging line with your line, you haul the logs to the mill near to Warren?

Mr. Forsyth: Yes.

Commissioner Harlan: And then you haul the manufactured lumber back to Hermitage?

Mr. Forsyth: Yes, sir.

Commissioner Harlan: And there deliver it to the Rock Island for \$6.00 a car; is that it?

Mr. Forsyth: That is, we, of course, participate in the through

rate on the finished product.

Commissioner Harlan: I am not sure that I understand it. You charge \$6.00 a car from the junction of the logging line with your line up to the mill at Warren?

812 Mr. Forsyth: Yes.

Commissioner Harlan: That is a completed service by itself, is it?

Mr. Forsyth: Yes.

Commissioner Harlan: Then the manufactured lumber is billed out from that point as a new contract of transportation?

Mr. Forsyth: Yes.

Commissioner Harlan: And on that you get a division ranging from nothing at all to five cents?

Mr. Forsyth: No, one and one-half cents to five cents. Commissioner Harlan: It is mostly five cents, is it not?

Mr. Forsyth: Yes.

Commissioner Harlan: If the manufactured lumber goes out over the Iron Mountain you bill the logs from the junction with the logging road?

Mr. Forsyth: Yes.

Commissioner Harlan: And it goes to the mill on the milling in transit rates?

Mr. Forsyth: Yes.

Commissioner Harlan: And then out to destination?

Mr. Forsyth: Yes.

Commissioner Harlan: And you get one and a half to five cents on that? 813

Mr. Forsyth: Yes.

Commissioner Harlan: And that is mostly five cents?

Mr. Forsyth: Yes.

Commissioner Harlan: Which road takes the great bulk of your manufactured product?

Mr. Forsyth: Practically equally divided; it adjusts itself on the equipment furnished.

Commissioner Harlan: Is it not also adjusted under contract with the Rock Island, do you not guarantee them at least half?

Mr. Forsyth: That is the agreement, but it adjusts itself naturally anyway.

Commissioner Harlan: How many track men and train crews

have you?

Mr. Forsyth: One section crew and then we have one crew in the woods that lay these spurs for the company at cost, and three train crews.

Commissioner Harlan: The section crew stays on the main line?

Mr. Forsyth: Altogether.

Commissioner Harlan: Then you have a crew in the woods

814 that lay the spurs for the lumber company?

Mr. Forsyth: Yes.

Commissioner Harlan: And they do that at cost?

Mr. Forsyth: Yes.

Commissioner Harlan: Then you have the regular train crews?

Mr. Forsyth: Yes.

Commissioner Harlan: How many men, 20 or 30?

Mr. Forsyth: Ten men in the train crews, I think, and then-Commissioner Harlan: Do they load the logs on the cars?

Mr. Forsyth: No.

Commissioner Harlan: Do they participate in that at all?

Mr. Forsyth: No, they participate in the unloading. Commissioner Harlan: In the unloading at the mill?

Mr. Forsyth: Into the pond; that is all.

Commissioner Harlan: The unloading is done by your people? Mr. Forsyth: Yes; there is a pond man that is furnished by the lumber company and the brakemen help unload the logs.

Commissioner Harlan: Have you joint class and commodity rates

generally?

Mr. Forsyth: Yes.

815 Cmmissioner Harlan: With both lines? Mr. Forsyth: I think not with both lines. Commissioner Harlan: Just with the Rock Island?

Mr. Forsyth: I think so.

Commissioner Harlan: Well, you said only about ten per cent of your traffic was outside of lumber.

Mr. Forsyth: Yes.

Commissioner Harlan: What sort of a town is Warren? I believe the record shows, still you might state how many people.

Mr. Forsyth: I should say, including the mills which are outside the limits, about in the neighborhood of 5,000 people.

Commissioner Harlan: And Hermitage had how many people?

Mr. Forsyth: Not to exceed 1,000,

Commissioner Harlan: That is a town that you built up, is it not?

Mr. Forsyth: Well, it was built up principally by the Rock Island and ourselves.

Examiner Burchmore: I have before me what purports to be a percentage issue No. 10, being a division sheet issued by the

Rock I-land Railway, containing divisions in effect with the Warren, Johnsville & Saline River. Before I refer to 816 that, may I ask, do you have any lumber shipments moving from points on your line to stations in Arkansas?

Mr. Forsyth: Yes, sir, we have.

Examiner Burchmore: This percentage sheet provides that on vellow pine lumber from points on the Warren, Johnsville & Saline River Railway to points in Arkansas and Louisiana, except junction points where through rates are published, the divisions to the Warren, Johnsville & Saline River are free, and the Chicago, Rock Island & Pacific and connections take the remainder. Does that mean that you receive no compensation for the haul of lumber from a point on your line that is consigned to a station in Arkansas or Louisiana?

Mr. Forsyth: That is a mistake. My understanding was that we participate in the state tariff, but that at no time should our per-

centage be over the sum of our local rates.

Examiner Burchmore: Then, similar to another company, as has appeared at this hearing, you receive your local rate on shipments consigned to Arkansas and Louisiana, and the Rock Island collects its junction rate.
Mr. Forsyth: Yes, sir.

Examiner Burchmore: This does not mean that you have a 817 free haul?

Mr. Forsyth: No.

Examiner Burchmore: There is filed with the Commission a copy of an agreement entered into on the 20th day of May, 1907, between the Rock Island, party of the first part, and the Warren, Johnsville & Saline River Railroad, party of the second part, and the Bradley Lumber Company, party of the third part. Are you familiar with the terms of that contract? It is a contract for divisions and traffic arrangements.

Mr. Forsyth: I could not say. Any questions I can answer I will.

but I cannot say that I am very familiar with it.

Examiner Burchmore: I will call your attention to the following language in the second paragraph of that agreement as follows: "For the proper, economical and profitable conduct of its business, it requested the Warren Company to construct and operate said lines of railway." Does that language mean that this railroad was constructed for the proper, economical and 'profitable conduct of the business of the saw mill company; in other words, that it was constructed not as a common carrier primarily, but as a plant facility? Perhaps that is not a question for you to answer-

Mr. Forsyth: I would answer it in this way, that the rail-818 road company could do the work cheaper than the lumber company, and that is the reason we made the contract for the spur work. I do not know anything about the main line work in

that contract. That is not a question I could answer.

Mr. Gaughan: Would not that be asking the witness for the expression of an opinion?

Commissioner Harlan: Perhaps counsel can aroue the case on the contract as it stands, without any questions,

Mr. Forsyth: I am not familiar enough with it anyway, because it was not drawn up by me, and I had no part in the contract.

Examiner Burchmore: Without asking any questions, I call your

attention to the terms of the contract dated September 9, 1908, between the Rock Island and the Warren, Johnsville & Saline River Railway Company and the Bradley Lumber Lumber Company seems not to be a party to that contract.

Mr. Forsyth: That is the trackage rights?

Examiner Barchmore: That is the trackage rights under which you operate the four or five miles over the Rock Island.

Mr. Forsyth: Yes.

Examiner Burchmore: The second paragraph of that contract reads in this way: "Whereas, the Rock Island Company 819 owns and operates, as lessee, a certain line of railroad extending through Bradley County, Arkansas, and the Johnsville Company desires to obtain the right to operate trains over that portion of said road, hereinafter described, in order to facilitate the movement and handling of its logs from the forest to its mill at Warren, Arkansas, and the Rock Island Company is willing to grant such use"-referring to the logs in the mill as though the property of the Warren. Johnsville & Saline River Railway-

Commissioner Harlan: Did that railroad own any mill?

Mr. Forsyth: No. sir.

Examiner Burchmore: This contract provides as consideration the sum of 75 cents per train of 30 cars per mile. It further provides that if at any time it is so desired, the Rock Island will haul those cars at a rate of 35 cents per thousand feet instead of per train Has that provision of the contract ever been taken advantage mile. of?

Mr. Forsyth: No.

Examiner Burchmore: As a matter of fact, what has been the practice under the trackage rights? By that, I mean, has the Warren, Johnsville & Saline River Railroad hauled these logs

820 from the forest on the Rock Island Railroad under the trackage rights?

Mr. Forsyth: Yes.

Examiner Burchmore: The lumber company has never gone down there?

Mr. Forsyth: No.

Mr. Gaughan: You mean there is but five miles of spur track in all, or do you mean there is that much of a main line, with spur track branching off from it?

Mr. Forsyth: There is that much of spurs and all.

Mr. Gaughan: Do you know how much track it will take to log the territory in which the timber of the Bradley Lumber Company

Mr. Forsyth: Eventually?

Mr. Gaughan: Yes.

Mr. Forsyth: About 30 miles,

Mr. Gaughan: Please state whether or not your outside traffic for the railway company has increased or diminished since the construction of the road to Hermitage?

Mr. Forsyth: Increased.

Mr. Gaughan: State whether or not the country through which it is built is improving in an industrial way?

Mr. Forsyth: I cannot say it is an improvement in an in-

dustrial way; it has in an agricultural way.

Mr. Gaughan: Well, that is what that word covers. In an agricultural way, you say there are farms being opened up?

Mr. Forsyth: Yes.

Mr. Gaughan: This country was largely a wilderness, where your timber is located, before the timber was cut, was it not?

Mr. Forsyth: Practically altogether.

Mr. Gaughan: Are the lands fit for agricultural purposes?

Mr. Forsyth: A percentage of them, yes, sir.

Mr. Gaughan: Does the lumber company own much pine timber where it does not also own the land?

Mr. Forsyth: In the neighborhood of 15,000 acres.

Mr. Gaughan: On that land do you also own the hard wood?

Mr. Forsyth: No, sir; just the pine. In some cases we do, but in the large majority of cases we only own the pine timber on what we call timber deeds, where the deed is only for the timber, and not in fee simple.

Mr. Gaughan: In operating these logging tracks, do you permit the owners of the hard wood timber to get their timber out by means

of your railroad?

822 Mr. Forsyth: Naturally.

Mr. Gaughan: Do you treat them all alike?

Mr. Forsyth: Everybody.

Mr. Gaughan: What, in the aggregate, will that tonnage amount to?

Mr. Forsyth: Per annum?

Mr. Gaughan: No, gross tonnage of the hard wood timber in that territory not owned by the Bradley Lumber Company?

Mr. Forsyth: That is a question that is too big for me to answer.

I could not tell. Some hundreds of thousands of tons.

Mr. Gaughan: All I want to get in the record is a general idea of the amount of it.

Mr. Forsyth: Well, I should say there would be at least 10,000 cars, at least.

Mr. Gaughan: I may not have understood you in answer to the Commissioner's questions but this milling in transit—

Commissioner Harlan: Suppose you let me tell you that. There is no milling in transit on lumber that goes out over the Rock Island, but there is a milling in transit on that which goes out over

the Iron Mountain. That is to say, the logs start on the through rate at the junction of the logging road with this road, and they move to the mill and are there milled, and

the manufactured lumber goes out on the transit rate.

Mr. Gaughan: The only point I did not catch was this, if the lumber company pays the railway company something for bringing those logs from Hermitage to the Bradley mill, and they are then milled on the through rate with the milling in transit privilege, should not that charge be refunded by the railway company to the lumber

company, and state whether or not that is done, as to lumber going

out on the Iron Mountain.

Mr. Forsyth: No, we have an arrangement with the lumber company; we keep a record of all logging cars, and at the end of each month we proportion the shipments of lumber as they have actually been made with the proportion of the logs actually hauled, and so divide and make the charge on that basis.

Mr. Gaughan: As I understood it the way your testimony went

in, you would be making a double charge.

Mr. Forsyth: No; that is the only way we could get at it.

Commissioner Harlan: How many car loads of logs make one carload of lumber?

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Mr. Forsyth: It varies from four to six; it depends on the class of timber we are handling. If small cars, they will take more, and if large, they will take less. I thought the feetage basis would be more accurate.

Mr. Gaughan: Did you make the contract yourself with the Rock

Island?

Mr. Forsyth: No.

Mr. Gaughan: You do not know whether the matter referred to by the Examiner was simply clerical errors, or whether it was put in there intentionally?

Mr. Forsyth: I do not really know anything about that contract. It was made in the St. Louis office and not at Warren. It is evi-

dently a clerical error.

Mr. Gaughan: That is all.

Commissioner Harlan: There is one question I omitted to ask you. Do you know anything about the lumber company called the Bernice Lumber Company?

Mr. Forsyth: I know of it, but I do not know anything about it;

that is, I know of it. That is away out of that territory.

Commissioner Harlan: Do you know anything about the Lee Lumber Company?

Mr. Forsyth: I know of it; yes, sir.

825 Commissioner Harlan: What about the Brown Lumber Company?

Mr. Forsyth: I do not.

Commissioner Harlan: Have you ever heard of the Little River Lumber Company?

Mr. Forsyth: Yes, sir.

Commissioner Harlan: And the William Farrell Lumber Com pany?

Mr. Forsyth: William Farrell Lumber Company; yes, sir. Commissioner Harlan: And the Gulf Lumber Company? Mr. Forsyth: Yes.

Commissioner Harlan: And do you know something about the

tap lines that are owned by those companies?

Mr. Forsyth: No, sir; I do not. The only place that I have been at on any one of these companies-I simply know of them. The only one is the Little Valley, and the Gulf Lumber Company. I have not been there for two or three years.

Commissioner Harlan: Have you ever heard of what is called the Colonial Railway, consisting of a number of tap lines?

Mr. Forsyth: No, sir; I have not heard of that.

Commissioner Harlan: Do you know who owns the Bradley Lumber Company?

Mr. Forsyth: Yes.

826 Commissioner Harlan: Who owns it?

Mr. Forsyth: The Chicago Lumber & Coal Company.

Commissioner Harlan: Does not that company own the Bernice Lumber Company?

Mr. Forsyth: I am not sure whether they do.

Commissioner Harlan: And the Lee Lumber Company and these

Mr. Forsyth: They are interested in the Lee Lumber Company, but the others, I do not know.

Commissioner Harlan: Are they interested to the extent of controlling it?

Mr. Forsyth: I do not know that they are.

Commissioner Harlan: Are you familiar with the affairs of the Chicago Lumber & Coal Company?

Mr. Forsyth: Not well enough to say that I am.

Commissioner Harlan: Are you an officer of that company? Mr. Forsyth: No, sir; only of the Bradley Lumber Company. Commissioner Harlan: The Bradley Lumber Company reports its transactions to that company?

Mr. Forsyth: Yes, sir. Mr. Cowan: Does the Bradley Lumber Company own retail lumber vards?

827 Mr. Forsyth: No, sir.

Mr. Cowan: Is it not a fact that the interests which do own the Bradley Lumber Company do own a large number of yards in Kansas, about 80 lumber yards in Kansas?

Mr. Forsyth: How many?

Mr. Cowan: Eighty is the information I have; and two in Iowa and three in Nebraska.

Mr. Forsyth: I do not know the number of their yards at all. I know they own some; yes, sir.

Mr. Cowan: Where does your output go to, mainly?

Mr. Forsyth: All territories; we sell practically—I do not think five per cent of our output goes to the Chicago Lumber & Coal Company's yards.

Mr. Cowan: How does this division of the rate figure in the price

of the lumber? Does it cut any figure in the price of lumber?

Mr. Forsyth: We figure on the tariff rates.

Mr. Cowan: The price of the lumber would not depend in any sense on whether this division was three cents per 100 pounds or five cents per 100 pounds; or would it?

Mr. Forsyth: No, sir; it would depend altogether on the pub-

lished tariff rates.

828 Mr. Cowan: Do you know of any lumber manufacturers in your country which do not have a tap line of some sort,

which get a division of rates? Do you know of any which do not enjoy that privilege?

Mr. Forsyth: No.

Mr. Cowan: Are you pretty well acquainted with the situation in Arkansas and the lumber business in the yellow pine territory?

Mr. Forsyth: Fairly, I should say.

Mr. Cowan: In looking around over the country you keep your eyes open as to whether other people are getting an advantage over you?

Mr. Forsyth: Naturally I would.

Mr. Cowan: And it is your information that practically all these lumber manufacturers in that part of the country are getting somewhat similar divisions to what you do?

Mr. Forsyth: I presume so, although I have no knowledge of the

actual divisions any one of them is getting.

Mr. Cowan: Do you know of any lumber mill which has a track connection from the main line and belonging to the main line, where the main line takes the lumber from the mill and 5.99 itself performs the service of the switching, we may call it,

from the mill to the main line.

Mr. Forsyth: Oh, yes; quite a few, 1 think.

Mr. Cowan: In such cases, do the saw mills get a division of the rate?

Mr. Forsyth: I only know of three instances that I am well enough acquainted to say yes. I cannot say about any more.

Mr. Cowan: There is some sort of a scheme, though, whereby there is a division of the rate going to the tap line, we may call it, for the sake of not having a definite name.

Mr. Forsyth: Yes, sir, there is. Mr. Cowan: When your lumber is billed out at Warren over the Iron Mountain, does your billing show that it originated at the junction point of the logging road with your line?

Mr. Forsyth: Yes.

Mr. Cowan: But there is no station at that junction point?

Mr. Forsyth: A small station, telephone connection. Mr. Cowan: But nobody there to actually issue billing?

Mr. Forsyth: No.

Mr. Cowan: No lumber shipped from there?

Mr. Forsyth: Well, there are cars loaded there, but no billing actually done by an agent there; no, sir.

830 Mr. Cowan: What is the object of making the billing read from this junction point with the mill company's logging road?

Mr. Forsyth: Because it is a milling in transit transaction,

Mr. Cowan: Do you ever bill any lumber over the Iron Mountain, which shows the lumber to have originated at Warren or at your mill at Warren, as the point of origin?

Mr. Forsyth: No.

Mr. Cowan: It always shows as the point of origin the place where the logs come to your railroad?

Mr. Forsyth: Yes.

Mr. Cowan: Is there any more reason for having your billing for

Iron Mountain shipments show the point of origin at that place than there is to have your Rock Island shipments of lumber show the point of origin at that junction?

Mr. Forsyth: I think so or I would not have done it.

Mr. Cowan: What is that?

Mr. Forsyth: Because we do double the service.

Mr. Cowan: What is that?

Mr. Forsyth: It is not a continuous shipment on the Rock Island

831 Mr. Cowan: It is just as continuous as it is in the case of the Iron Mountain.

Mr. Forsyth: No.

Mr. Cowan: In both cases do you not dump the logs into the pond and they saw them out of that?

Mr. Forsyth: Yes.

Mr. Cowan: In both cases when you load a car of lumber you send it to the line of the Iron Mountain or Rock Island?

Mr. Forsyth: Yes.

Mr. Cowan So the continuity of the shipment is the same in actual service in one case as in the other, except the difference in the distance you move it?

Mr. Forsyth: That is a matter of opinion.

Mr. Cowan: How far do you move it in the case of the Iron Mountain shipments from the place where you load the car?

Mr. Forsyth: About in the neighborhood of a mile. Mr. Cowan: That would not be worth five cents per 100 pounds itself, would it?

Mr. Forsyth: No. sir. We do not figure that we are charging five

cents for that service.

Mr. Cowan: You figure you are charging five cents from where vou got the logs?

832 Mr. Forsyth: Yes.

Mr. Cowan: In the case of the Rock Island, you figure the service from your mill over to the Rock Island is worth five cents?

Mr. Forsyth: For the 16 mile haul; yes, sir.

Mr. Cowan: And for that reason it is not worth while to bill the lumber from the junction of the logging road with your road? Mr. Forsyth: Well, the railroad has to earn something.

Mr. Cowan: Is the office of the railroad company and the lumber

company all one and the same thing?

Mr. Forsyth: They are in separate rooms in the same building: yes, sir.

Mr. Cowan: Are the officers of each the same persons, both in the employ of the lumber company and the railroad?

Mr. Forsyth: No, they have two men that are strictly altogether in the railroad company.

Mr. Cowan: And what do they do?

Mr. Forsyth: One is superintendent and one is an office man.
Mr. Cowan: That is the lumber company——

Mr. Forsyth: Who does the billing.

Mr. Cowan: Is that the lumber company or the railroad 833 company?

Mr. Forsyth: The railroad company.

Mr. Cowan: They do not receive any salary and perform no work for the lumber company?

Mr. Forsyth: No.

Mr. Cowan: You come in competition with other manufacturers of lumber, of course, wherever you sell it, in all the markets?

Mr. Forsyth: Yes.

Mr. Cowan: You sell it on the basis of a mill price, plus the feright?

Mr. Forsyth: Yes.

Mr. Cowan: That is usual?

Mr. Forsyth: Yes.

Mr. J. J. Coleman: You speak about an arrangement for hauling logs for the lumber company. Is the arrangement you make mention of \$6.00 a car, a somewhat recent one?

Mr. Forsyth: No, sir; it has been four to five years,

Mr. Coleman: Are you familiar with the testimony of Mr. Millard in the case of the Chicago Lumber & Coal Company against the Tioga & Southeastern, docket 1438?

Mr. Forsyth: No, sir; I am not. 834

Mr. J. J. Coleman: Do you consider that Mr. Millard was sufficiently familiar with the affairs of the railroad company and the lumber company to know what the arrangement was for hauling loos?

Mr. Forsyth: Well, I would not want to say. Mr. Millard has

not been there ten times in his life.

Mr. J. J. Coleman: Well, there has been no new arrangement made?

Mr. Forsyth: I do not think there has, not in the last four or five years, not after we had incorporated. We did not incorporate until 1905, and prior to that we had other arrangements. have said, I want to leave all this data on record with the Commission to verify these things.

Commissioner Harlan: You have filed some exhibits already.

Mr. Forsyth: Yes, sir.

Commissioner Harlan: And you want those to be referred to as part of your testimony?

Mr. Forsyth: I want those to be referred to and to be authentic. Commissioner Harlan: It will be so understood. president of your company? 835

Mr. Forsyth: S. H. Fullerton.

Commissioner Harlan: He is here?

Mr. Forsyth: Yes.

Commissioner Harlan: Mr. Fullerton, will you be good enough to be present on Monday as a witness?

Mr. Fullerton: Yes.

Commissioner Harlan: You will be understood as having been called by the Commission to testify on Monday. Are there any further questions to put to this witness?

Mr. Gaughan: Only this, to make a correction in the record. answer to counsel's question, you said that you knew of no lumber manufacturing plant in Arkansas to whom a division was not given. As a matter of fact, you do not know of any lumber companies to whom a division is given, do you?

Mr. Forsyth: I have not any knowledge of other people's busi-

ness.

Mr. Gaughan; Well, whatever divisions you know of, are given to some railroad company, are they not?

Mr. Forsyth: I did not understand that question.

Mr. Gaughan: I say such divisions as you may know of, are given to some railroad company, are they not? They are not given to a lumber company. 836

Mr. Forsyth: Yes. Mr. Gaughan: Your division is not given to a lumber company.

is it?

Mr. Forsyth: To some railroad company; yes, sir. I so understood the question.

Mr. Gaughan: That is what you had reference to? Mr. Forsyth: Yes.

Commissioner Harlan: Gentlemen, I would like to know, as it may help out the whole situation, what tap lines connecting with the Cotton Belt are here, and also if the Kansas City Southern and the Frisco, for the convenience of those who are here, and with the prospect of not reaching certain cases until Tuesday, we thought possibly we might now announce that certain cases would not be called on Monday. We will reserve for calling the Rock Island and the Iron Mountain cases.

Mr. Thurmond: One of our lines which connects with the Rock

Island also connects with the Southern Pacific,

Commissioner Harlan: Then that must be regarded as a Rock

I-land case.

Mr. Thurmond: In the Woodworth & Louisiana Central and the Sibley, Lake Bisteneau & Southern, that is a propo-8:17 sition in connection with the Southern Pacific, and it would save a great deal of time if they were considered together.

Commissioner Harlan: The Louisiana Central is the only one

which reaches the Rock Island?

Mr. Thurmond: Yes, which reaches the Rock Island, but a lot

of general testimony will apply to all of them.

Commissioner Harlan: Then those cases may be reserved to be heard, not on Monday, but for call on Monday in connection with the other two, composing, what do you call it?

Mr. Thurmond: They call it the Shreveport, Alexandria & South-

ern System.

Mr. Sargent: The Kansas City Southern cases will not be taken up Monday? Commissioner Harlan: Such cases as do not reach the Rock Island

or Iron Mountain will not be taken up on Monday.

Mr. Mantooth: The Cotton Belt cases will not be taken up on

Monday? Commissioner Harlan: If they do not connect with the Rock Island. If counsel will wire on Monday in sufficient time, we may

be able to give some indication as to the cases to be heard Tuesday. Understand, with the exception of the case just referred to that is reserved in connection with the system, we want all the Rock Island and Iron Mountain cases on Monday. We will now adjourn until Monday morning at 9:30 A. M.

(At the request of counsel Commissioner Harlan then proceeded with the hearing of the Dorcheat Valley Railroad Company.)

8339 Dorcheat Valley Railroad Company.

E. E. Porter was called as a witness and having been duly sworn. testified as follows:

Commissioner Harlan: Where do you live?

Mr. Porter: Texarkana, Arkansas.

Commissioner Harlan: What is your business?

Mr. Porter: Lumber and railroad.

Commissioner Harlan: What railroad are you connected with?

Mr. Porter: The Dorcheat Valley Railroad.

Commissioner Harlan: How long have you been connected or associated with that road?

Mr. Porter: Since its organization.

Commissioner Harlan: When was that?

Mr. Porter: I believe part of the road was built in 1905; it was incorporated in 1906, January, 1906,

Commissioner Harlan: Let us go back to the termini of the road, What was its first terminus; from what point was it built?

Mr. Porter: Cotton Valley, Arkansas, on the L. & A. Commissioner Harlan: By whom was it built?

840 Mr. Porter: The Porter-Wadley Lumber Company.

Commissioner Harlan: What was the extent of the mileage first constructed?

Mr. Porter: Three or four miles.

Commissioner Harlan: Into forests owned by that lumber company?

Mr. Porter: Yes, sir.

Commissioner Harlan: And do you remember when those four miles were completed?

Mr. Porter: In the latter part of 1905; something along there; early in 1906, the road was incorporated in 1906.

Commissioner Harlan: What was the extent of the forests owned by the lumber company at that time?

Mr. Porter: The extent of the forest near the mill was small.

Commissioner Harlan: What was the acreage?

Mr. Porter: The acreage was probably two or three thousand actes near the mill and across the large bayou that is in that territory we owned at that time probably ten or fifteen thousand acres of land and timber rights, across this large bayou,

Commissioner Harlan: What was your connection? Mr. Porter: With the Louisiana & Arkansas Railroad.

Commissioner Harlan: At Cotton Valley?

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Mr. Porter: Yes, sir: near Cotton Valley.

Commissioner Harlan: How close was your mill to the line of that road?

Mr. Porter: It is about a quarter of a mile from the L. & A.

Commissioner Harlan: What allowance did you get at that time? Mr. Porter: Nothing.

Commissioner Harlan: Did you have any equipment?

Mr. Porter: Only logging equipment.

Commissioner Harlan: It was just a logging road at that time?

Mr. Porter: Yes, sir.

Commissioner Harlan: You got no allowance whatever?

Mr. Porter: No. We went in there with the understanding that we would get no division on the timber between this Big Creek and the Louisiana & Arkansas Railroad. It is near to the railroad, and the railroad considered that that was its own tonnage. And, when

we built across this creek, which is a long creek on which we have over a 4,000 foot bridge, we were to have a division on

the tonnage beyond that creek.

Commissioner Harlan: What is the name of that creek?

Mr. Porter: Dorcheat.

Commissioner Harlan: When did you build the latter part?

Mr. Porter: We built across it about Christmas, 1905,

Commissioner Harlan: How many miles did you build in order to cross the creek?

Mr. Porter: To the first station beyond the creek it is six miles

from Cotton Valley.

Commissioner Harlan: 4,000 feet of that is a bridge?

Mr. Porter: Yes, sir; about 4,200 feet.

Commissioner Harlan: What kind of a bridge?

Mr. Porter: About 125 feet is a piling bridge: piling 40 feet long; and the balance is a bench built up with timber.

Commissioner Harlan: Did you make any extension after you

got across the creek?

Mr. Porter: Yes, sir; we built eight or ten miles to the east, and cut out that territory. Now we are logging to the south; we went on east eight or ten miles and to the south ten or twelve miles, and

are cutting out that territory, and later we go north ten or twelve miles from this Gleason. We extend out in every 813

direction. Commissioner Harlan: These extensions were built by the logging

company? Mr. Porter: We built out four or five miles before that road was incorporated, and logged this timber which was near the mill, on which we were to have no division.

Commissioner Harlan: You built that out before you built the

two extensions across the creek?

Mr. Porter: Yes, we have built everything since.

Commissioner Harlan: The Railroad Company has built everything since?

Mr. Porter: Yes. Commissioner Harlan: Did the railroad company build across the creek?

Mr. Porter: Yes, sir, we incorporated about the time we were going across the creek.

Commissioner Harlan: What is the capital of the railroad com-

pany?

Mr. Porter: \$75,000.

Commissioner Harlan: Was there any eash paid in?

Mr. Porter: Yes, sir; it was all paid in.

Commissioner Harlan: By the owners of the lumber company?

844 Mr. Porter: By the stockholders.

Commissioner Harlan: The railroad company is owned by the stockholders of the lumber company?

Mr. Porter: Not altogther; there are a few stockholders in the

railroad, minor interests.

Commissioner Harlan: But it is practically identical interests? Mr. Porter: Yes, sir; only the stock was issued to the individual stockholders and was paid for by them by check.

Commissioner Harlan: After the railroad was incorporated and these two extensions were built, did you have any improvement in

your roadbed?

Mr. Porter: Yes, sir; we improved our roadbed. Commissioner Harlan: What sort of rail have you?

Mr. Porter: 35 pound rail; 3,000 oak ties, forming a good logging railroad.

Commissioner Harlan: You would call it more of a logging rail-

road than a railroad?

Mr. Porter: It is a typical so-called tap line, logging railroad. Commissioner Harlan: Is it ballasted?

Mr. Porter: With sand ballast.

845 Commissioner Harlan: What equipment have you now? Mr. Porter: Five locomotives and about 60 logging cars.

Commissioner Harlan: And the entire expense was what?

Mr. Porter: Of building the railroad?

Commissioner Harlan: Yes.

Mr. Porter: About \$120,000; in that neighborhood.

Commissioner Harlan: That included the equipment?

Mr. Porter: Yes, sir.

Commissioner Harlan: And your entire mileage at this time is what?

Mr. Porter: We have in operation, I should say, about 14 or 15 miles, 15 or 16 miles. Beyond Gleason those tracks are moved a good deal.

Commissioner Harlan: Do they belong to the railroad company?

Mr. Porter: Everything belongs to the railroad company.

Commissioner Harlan: The lumber company has no track at all?
Mr. Porter: The lumber company has no equipment or anything.
Commissioner Harlan: You are organized under the general law
of Arkansas as a common carrier?

Mr. Porter: Well, it takes six incorporators, and there are a few other stockholders who own small interests.

Commissioner Harlan: Do you reach any other regular lines?

Mr. Porter: No.

Commissioner Harlan: When you built out in this country, was it a swampy forest country?

Mr. Porter: No; it is broken country; there are big creeks through

it, and it is broken with farms.

Commissioner Harlan: It was an unsettled forest country?

Mr. Porter: There are a good many farms through it. Commissioner Harlan: I mean when you built out. Mr. Porter: There were a good many farms then.

Commissioner Harlan: It has rapidly increased in population?

Mr. Porter: No, it is increasing some. We are selling some of our cut over land, but it was a good farming country.

Commissioner Harlan: Do you own the lands in fee?

Mr. Porter: About half or one-third.

Commissioner Harlan: And the rest you have stumpage rights?

Mr. Porter: Yes, sir; about one-third we own.

Commissioner Harlan: Does the railroad own its right of way?

Mr. Porter: Yes, sir; we made a deed to the railroad, and

it is put on record.

Commissioner Harlan: When it moves these branches, does it acquire the right of way?

Mr. Porter: No, sir. Beyond this station the Porter-Wadley Lumber Company furnishes the right of way.

per company furnishes the right of way

Commissioner Harlan: What station do you refer to?

Mr. Porter: Gleason; that is the end of what we call the main line. The Porter-Wadley Company furnish the right of way for the tracks beyond that.

Commissioner Harlan: You mean furnish it temporarily?

Mr. Porter: Yes, sir.

Commissioner Harlan: When you move these extensions, the railroad company has no longer any rights?

Mr. Porter: No.

Commissioner Harlan: Is there any written contract under which those rights of way are furnished by the lumber company to the railroad company?

Mr. Porter: Yes.

Commissioner Harlan: Have you filed that?

Mr. Porter: I do not know whether it is filed with the Comrussion or not.

Commissioner Harlan: Is it one general contract?

Mr. Porter: Yes.

Commissioner Harlan: Will you send us a copy of that?

Mr. Porter: Yes, sir. You have a copy of our contract with the L. & A.

Commissioner Harlan: Yes. Now, when did you first commence to get divisions with the L. & A.?

Mr. Porter: After we commenced to operate beyond this creek and to haul the timber in from beyond this bayou.

Commissioner Harlan: What division were you then allowed? Mr. Porter: Our division varies. We are allowed from three to

four cents and perhaps four and a half cents in some cases; it averages about three and a half cents. That was the contract of the L. & A.

Commissioner Harlan: That contract we have?

Mr. Porter: Yes, sir, you had it two or three times, and we furnished it to your inspector who was around examining our books a year or two ago.

Commissioner Harlan: It seems to be here. Do these divisions

appear on regular division sheets?

Mr. Porter: Oh, yes.

849 Commissioner Harlan: You have copies of the originals?
Mr. Porter: Yes, sir. I haven't them here; they are issued by the Louisiana & Arkansas. You have copies, I presume.

Commissioner Harlan: We seem to have them. Do they indicate

divisions on manufactured lumber only?

Mr. Porter: Yes, sir, I think so.

Commissioner Harlan: Do you have divisions on class rates?

Mr. Porter: No, sir; there are no through shipments.

Commissioner Harlan. You do not move any general merchanise?

Mr. Porter: We move some, but it is all local from Cotton Valley practically.

Commissioner Harlan: Is Cotton Valley quite a point?

Mr. Porter: It is quite a little point; there are six or eight stores there. But there are some fertilizer and other things which move in from points on the Vicksburg, Shreveport & Pacific, those are Louisiana rates.

Commissioner Harlan: You have not filed any of those?

Mr. Porter: No.

Commissioner Harlan: Have you filed any tariffs with the Commission?

850 Mr. Porter: Yes.

- Commissioner Harlan: You have filed concurrences?

Mr. Porter: No, we have filed tariffs.

Commissioner Harlan: Just these local tariffs?

Mr. Porter: Yes.

Commissioner Harlan: Then practically all your tonnage except a little general merchandise and some fertilizer from Louisiana points is outbound lumber?

Mr. Porter: No, sir; we have a stave mill and handle factory on

our road.

Commissioner Harlan: Where are they?

Mr. Porter: The stave mills near Cotton Valley and the handle factory is eight or nine miles in the woods.

Commissioner Harlan: How near is the stave factory to your line?

Mr. Porter: It is on it.

Commissioner Harlan: How near to Cotton Valley?

Mr. Porter: Between a quarter and half a mile from the L. & A. Commissioner Harlan: When was it built?

Mr. Porter: A year and a half after our road was incorporated.

Commissioner Harlan: It uses hard wood? 851

Mr. Porter: Yes.

Commissioner Harlan: Gets it from your company?
Mr. Porter: Yes, but it gets it practically all from the Porter-Wadley Lumber Company. It did buy some other, but our tonnage on staves last year was 4,100 tons.

Commissioner Harlan: Then you mentioned another mill far-

ther out.

Mr. Porter: It is a handle factory.

Commissioner Harlan: And it gets its lumber from your forest? Mr. Porter: Not all of it. I think they get some of it from us. Commissioner Harlan: The greater part of it?

Mr. Porter: The greater part of it.

Commissioner Harlan: Do they cut it or do you cut it and deliver it to them?

Mr. Porter: They cut it.

Commissioner Harlan: How does it get to their mill?

Mr. Porter: They haul it in wagons and ship their product on our line.

Commissioner Harlan: And what division do you get on

852 the through rate on staves and handles?

Mr. Porter: That is handled on a combination of locals to Cotton Valley, and then they local it out. They pay us our local to Cotton Valley.

Commissioner Harlan: Do you recall what that is?

Mr. Porter: No. There is a tariff here.

Commissioner Harlan: Is a carload of handles worth more than a carload of lumber?

Mr. Porter: Yes, sir.

Commissioner Harlan: How much more?

Mr. Porter: I don't know, a carload of handles is worth \$400 or \$500. I think.

Commissioner Harlan: Well, a carload of lumber might be worth \$400 or \$500?

Mr. Porter: Yes, but not the average. The average is \$150 to \$175.

Mr. Wadley: \$240 for manufactured lumber.

Commissioner Harlan: A carload of handles is worth how much?

Mr. Wadley: \$500 or \$600.

Mr. Porter: We handled 5,100 tons of staves.

Commissioner Harlan: How much of handles?

Mr. Porter: I do not know. 853

Commissioner Harlan: Do you know what the local rates are from the handle mill, from the local point to Cotton Valley? Mr. Porter: I presume it takes the class rate,

Mr. Wadley: It is \$12.00 a car.

Commissioner Harlan: Well, we have it in the tariff, and will find it. Now, have you any source of income-I am speaking of the railroad company—except your divisions of your lumber rates, and the divisions on your staves and handles and your local rates on general merchandise and fertilizer?

Mr. Porter: We have some revenue on logs up to this junction

point, this station where we spread out in different directions.

Commissioner Harlan: Just tell us about that.

Mr. Porter: We have a tariff filed under the authority of the Louisiana Commission. Have you a copy of that tariff? Locally to this station it is \$1.25 a thousand.

Commissioner Harlan: That is a charge under the local tariff

that you make against the lumber company?

Mr. Porter: Yes, sir, up to this point.

854 Commissioner Harlan: For hauling its logs from the forest up to what point?

Mr. Porter: Gleason; that is the end of the permanent line. Commissioner Harlan: That is the end of the permanent line?

Mr. Porter: Yes.

Commissioner Harlan: Now, then, how does the lumber company

get its logs from Gleason to its mill near Cotton Valley?

Mr. Porter: The railroad company hauls them in, and we have milling in transit tariffs published or concurred in, with the Commission.

Commissioner Harlan: And that milling in transit rate to St. Louis, for instance, is what?

Mr. Porter: Eighteen cents, the same as on the L. & A.

Commissioner Harlan: Out of that you get what?

Mr. Porter: I think about three or three and a half cents. We do not pay much attention to that. We leave that to the L. & A. to give the division agreed on.

Commissioner Harlan: How many carloads of logs do you take

in to make a carload of lumber out?

Mr. Porter: In our case, I heard a gentleman say five or six.
Ours, it would take seven or eight; sometimes nine, because
we handle short logs; we handle about 2,500 feet on a car of logs, and a car of lumber will average 18,000 or 19,000 feet; seven or eight cars, sometimes a little more.

Commissioner Harlan: What was your total tonnage last year?
Mr. Porter: The way we have made the report to the Louisiana
Commission, it shows up our total tonnage as 147,000 tons, but that
includes the lumber, 29,000 tons, which we really do not handle,
but we get revenue on the milling in transit.

Commissioner Harlan: Just explain that a little more clearly.

Mr. Porter: Our total tonnage handled is 157,000 tons, as shown in the report, but 29,000 of that was lumber that we really did not handle, it was loaded on the tracks of the L. & A., but on which we get our milling in transit revenue.

Commissioner Harlan: That milling in transit revenue, do you

mean you get a division of the joint through rate?

Mr. Porter: Yes.

Commissioner Harlan: Where is the mill with reference to the L & A.?

Mr. Porter: About a quarter of a mile from it; the saw mill; the planing mill is nearer the L. & A. tracks.

Commissioner Harlan: The logs go into the sawmill?

Mr. Porter: Yes.

Commissioner Harlan: Do they go over to the planing mill?

Mr. Porter: Yes, sir; the lumber is manufactured in the saw mill and then goes into the yard and then to the planing mill and then to the L. & A. tracks.

Commissioner Harlan: Then it is dressed lumber?

Mr. Porter: Yes, sir. We occasionally ship some rough, but it is generally planed and loaded on the L. & A.

Commissioner Harlan: How do you get it from the saw mill to

the planing mill?

Mr. Porter: It is trucked into the yard to dry, and then into the planing mill.

Commissioner Harlan: What is the distance between the two

mills?

Mr. Porter: About 1,000 to 1,100 feet.

Commissioner Harlan: And that is carried over there by horses?

Mr. Porter: Yes, sir.

Commissioner Harlan: And then it is planed or dressed and loaded directly into the L. & A. car from the planing mill?

857 Mr. Porter: Yes.

Commissioner Harlan: Then in your milling rate there is a partial movement of the lumber by truck?

Mr. Porter: Yes, sir.

Commissioner Harlan: You do not take it to the sawmill and load it from the saw mill, but truck it between the two mills?

Mr. Porter: Yes, sir.

Commissioner Harlan: In case the rough lumber goes out, where is it loaded?

Mr. Porter: It is trucked the same way; we have no loading track at the saw mill. We ship very little rough lumber.

Commissioner Harlan: You have been here during the day?

Mr. Porter: Yes, sir.

Commissioner Harlan: You have heard the testimony of others?

Mr. Porter: Yes, sir.

Commissioner Harlan: Is it usual to have a saw mill and a planing mill?

Mr. Porter: Yes, sir.

Commissioner Harlan: Most of this lumber that goes out is dressed lumber?

858 Mr. Porter: Yes, sir. I do not know of a saw mill anywhere, except these little portable mills, that do not have a planing mill.

Commissioner Harlan: And there is usually some distance be-

tween the saw mill and the planing mill?

Mr. Porter: Yes, sir; it is bound to be, because the drying yard is usually located between the two for convenience; the lumber would go right out the back end of the saw mill to the yard to dry and then into the planing mill, and is loaded right onto the track.

Commissioner Harlan: You file reports with the Commission?

Mr. Porter: They have never asked us; that is, for annual reports, but for a few accident reports, and inspectors have been around to look at our equipment.

Commissioner Harlan: You file reports with the State Commission?

Mr. Porter: Yes, sir. This is our report (indicating).

Commissioner Harlan: What was your total revenue last year?

Mr. Porter: \$53,375.42.

Commissioner Harlan: What was your expense account?

Mr. Porter: \$48,680.89.

859 Commissioner Harlan: Did you have an item in your expense account for maintenance of way?

Mr. Porter: Yes.

Commissioner Harlan: And what was that amount?

Mr. Porter: Maintenance of way is \$21,069.18. Commissioner Harlan: Is not that pretty large?

Mr. Porter: Yes, sir; we operate in a very bad country; it takes care of these spurs.

Commissioner Harlan: Does it build the spurs?

Mr. Porter: It lays the steel; yes, sir.

Commissioner Harlan: It does all the work, does it not? Mr. Porter: It does practically all the work; yes, sir.

Commissioner Harlan: Moving the spurs?

Mr. Porter: Yes, sir; and we operate in very rough country.

Commissioner Harlan: Does it do the grading?

Mr. Porter: Whatever is necessary; we do not do much grading

on spurs.

Commissioner Harlan: That is to say, if a spur track is taken up and moved to another place, and you have to do a little grading to take the ties and rails, and all that, that goes into maintenance of way?

860 Mr. Porter: Yes.

Commissioner Harlan: What was your maintenance of equipment last year?

Mr. Porter: \$8,140.13.

Commissioner Harlan: What is the total value of your equipment?

Mr. Porter: \$38,051.88. The maintenance of logging equipment is very heavy, especially in rough country, and we have a very heavy, rough, hilly country.

Commissioner Harlan: Does the railroad have about the same

officers that the lumber company has?

Mr. Porter: Well, the lumber company is a partnership.

Commissioner Harlan: Well, do the officers of the railroad receive salaries?

Mr. Porter: No. sir; not the president and secretary and treasurer

Commissioner Harlan. The clerk is paid by the railroad; you have one clerk?

Mr. Porter: We have two or three who are paid by the railroad, but they are all joint employees with the lumber company.

Commissioner Harlan: They are paid by the railroad, but

861 do some work for the lumber company?

Mr. Porter: They are paid part by the railroad and part by the lumber company.

Commissioner Harlan: You have train crews?

Mr. Porter: Yes.

Commissioner Harlan: How many men?

Mr. Porter: Sometimes we operate four, and sometimes five engines,

Commissioner Harlan: Generally speaking.

Mr. Porter: Generally speaking, it will take from eight to 15. Commissioner Harlan: Your train crews and the track crews will constitute 40 to 50 men?

Mr. Porter: Forty to 50 or 60 men.

Commissioner Harlan: Do they load the logs on the cars?

Mr. Porter: No.

Commissioner Harlan: Who does that? Mr. Porter: The lumber company.

Commissioner Harlan: With different men?

Mr. Porter: Yes, sir.

Commissioner Harlan: But you unload them at the pond?

Mr. Porter: Some of the lumber men that work on the pond assist in unloading.

Commissioner Harlan: Who does the trucking of the

rough lumber over to the planing mill?

Mr. Porter: The lumber company.

Commissioner Harlan: Of course the lumber company loads the dressed lumber into the cars?

Mr. Porter: Yes.

Mr. Gutheim: The division that you get as a general rule is ex-

actly one-half the division that accrues to the L. & A.?

Mr. Porter: That was the trade we made with the L. & A. that we were to get one-half of the division they received on the lumber. They do not always make it just that, but they try to average it up. They have for some reason sometimes given us less, and sometimes more.

Mr. Gutheim: Is it your understanding that the rate authorized by the Louisiana Commission of \$1.25 per 1,000 feet log scale from the logs on the stations on the branch or spur track is to cover also

the spur work, construction spur work?

Mr. Porter: Yes, sir, it is to cover the railroad work up to Gleason.
Mr. Gutheim: The railroad company gets no compensation from the lumber company for constructing those spur tracks and so forth except the \$1.25?

Mr. Porter: No.

Commissioner Harlan: Let me ask in a general way if the lumber rate itself were reduced, how would it hurt you to cut out these divisions?

Mr. Porter: I do not know as it would hurt us at all, if it was re-

duced as much as our division.

Commissioner Harlan: Well, for the purpose of illustration, suppose you get an average division on all your shipments, say, of three cents.

Mr. Porter: We are supposed to get an average of three and a

Commissioner Harlan: Well, we will say three cents. the general lumber rate were reduced three cents and extended to Cotton Valley, where your mill is.

Mr. Porter: Well. I probably did not explain myself a minute ago. If the lumber rate to all territory was reduced, it would hurt us just that much.

Commissioner Harlan: Suppose there is a blanket rate.

have now a blanket rate.

Mr. Porter: It would hurt us the amount of that division. 864 I first understood you to mean if it was reduced to certain territory, down to and including us.

Commissioner Harlan: No. I say without disturbing the present

relation of rates, which is more or less blanket.

Mr. Porter: Yes, sir, it would hurt us three and a half cents.

Commissioner Harlan: And that blanket rates were reduced and then extended to all these junctions, how would that hurt you three and a half cents?

Mr. Porter: We would still have to compete with the other man

who had the same advantage.

Commissioner Harlan: No, but I am supposing a case now where all divisions would be cut out and the blanket rate is extended to all junctions of tap lines with regular lines.

Mr. Porter: Including the whole territory down to Houston and

everywhere?

Commissioner Harlan: All the territory that now has the blanket rate.

Mr. Porter: Well, I could not say just how that would affect us. Commissioner Harlan: It would be rather difficult to find out how it is going to hurt you.

S65.5 Mr. Porter: Sir?

Commissioner Harlan: You would find it difficult to explain how it would hurt you. Let me illustrate. We will not take your mill, but take a mill down in southern Louisiana. There is a 24 cent rate to Kansas City, and that rate really goes right back to the tree, if there is a milling in transit privilege. Now, suppose the rate is cut down to Kansas City and extended to the junction of the tap lines with the regular lines, instead of back to the forest. and all the milling in transit division is left out. Now you are competing with me, and we both have mills down there. Would not that leave us in precisely the same equality?

Mr. Porter: If we were all in the same position it would, but we

have to compete against other mills and other territory.

Commissioner Harlan: I am assuming their divisions would be cut out also.

Mr. Porter: Do you mean the Pacific Coast, the territory we meet them in, or the white pine?

Commissioner Harlan: I do not think there are any such divisions over there as you have here.

Mr. Poiter: I know, but we would have to meet them, and the white pine and the Pacific Coast and the stuff in the North,

Commissioner Harlan: Any reduction in the rate would help to do that, would it not if the rate was reduced?

Mr. Porter: If the general rate was reduced, if their rate is reduced too?

Commissioner Harlan: If their rate is left where it is it would be to your advantage, if your rate was lower?

Mr. Porter: Yes, sir. Now, then, take some other roads in south Texas that have advantages which we have not.

Commissioner Harlan: What advantages?

Mr. Porter: Well, in some cases some of the Texas mills have sold their tap lines and some have loaned money at a lower rate, and they have advantages we have not.

Commissioner Harlan: And have their capital invested other-

wise, the money they receive for the tap line?

Mr. Porter: Yes.

Commissioner Harlan: They have otherwise invested?

Mr. Porter: Yes, sir. May I explain a minute? When we went into this territory to look at this timber, it had been looked at by five or six different lumber men, and they had all turned it down and said the country was too broken, too many big creeks.

too many farms and the timber was too scattered to justify the putting of a railroad into it to mill it, and Mr. Buchanan had sent two or three of his own people into it, and they had turned it down—

Mr. Wadley: Mr. Buchanan went himself.

Mr. Porter: Well, I did not know he went, but two or three went in and they turned it down. The man whom I had been associated with in the mill business before owned about 10,000 or 12,000 acres in this territory, and he wanted to organize a corporation in which he would be interested to operate the territory, and Mr. Wadley and I looked at the timber and decided we could not afford to do it unless we could get help from the railroad. We went to Mr. Buchanan and told him if he would build us a spur ten miles long from Cotton Valley into this timber and turn it over to us to operate we would go for the timber. That has been done, and he had done it in other cases, and it has been done by other railroads. He said that he would prefer to give us a division and if we would go after this tonnage in this territory he would divide the L. & A. revenue with us. He preferred to do that rather than build the

spur, because he was of the opinion there was not enough timber in the territory, and it was so expensive it would not pay, and he made the agreement and the contract was made

later, before we invested a dollar in the timber.

Mr. McRae: The contract was written before you built across the creek?

Mr. Porter: About the time; yes, sir. I do not remember what the date of that contract was. About 1906.

Mr. Wadley: Is it not a fact that the agreement was made before

we invested.

Mr. Porter: Yes, sir. Here is a letter by Mr. Buchanan saying the

contract would be made.

Mr. Wadley: Let me state in regard to the question you asked a moment ago, about what effect it would have on our proposition if the divisions were cut off and the rates were lowered, say to the extent of three and a half cents, the blanket rates. It would have this effect, that our proposition is so much more difficult than the average mill that we would be at a big handicap, because we cannot log this plant—

Commissioner Harlan: You can only do so much with what you

have.

Mr. Wadley: Yes.

869 Commissioner Harlan: Now, if that rate is reduced by the

amount of your allowance-

Mr. Wadley: And every other one is reduced, we are handicapped in that we would not have made this investment on an equal footing with the others. We do not have the benefit of the division, our position is so much more expensive.

Mr. Porter: We would not be at any disadvantage with anybody

that has three and a half cents.

Commissioner Harlan: I am assuming all conditions equal, and that your division will be cut out, and I am saying supposing the rate would be reduced to the extent of your division, how would it affect you adversely?

Mr. Porter: It would not affect us adversely as compared with a man who had as much division as we have, unless other lumber rates were reduced to the Pacific Coast and the white pine forest, and

other rates.

Mr. McRea: And it is not true that on the Pacific Coast and in the Norway district the rates have been adjusted on some other basis than that of divisions.

Mr. Porter: I do not know about that, I think so.

Commissioner Harlan: I will just read in the evidence, perhaps it might be here, this letter of Mr. Buchanan. It is on the letterhead of the Louisiana & Arkansas Railway Company, dated Texarkana, Arkansas, August 13, 1904, addressed to Mr. E. E. Porter, Texarkana, Arkansas. It reads as follows:

"Dear Sir: I hereby agree to cause the L. & A. Railway to enter into an agreement and contract to divide equally all revenue received from the lumber manufactured from logs originating on the railroad to be incorporated by you and others, and to be built from or near Cotton Valley across Dorcheat. Contract will be made when your company is incorporated.

Yours truly.

—. Dorcheat is the creek?

Mr. Porter: Yes, sir.

Commissioner Harlan: And that was attached to your original copy of the agreement subsequently executed by your railroad?

Mr. Porter: Yes, sir.

Commissioner Harlan; The Dorcheat Valley Railroad and the Louisiana & Arkansas Railway Company.

Mr. Porter: In line with that letter.

Mr. McRae: And the copy of the contract which you attached to your complaint is a true copy of that?

Mr. Porter: Yes, sir.

Mr. McRae: The road is assessed for taxes by the Board in the same manner as the main line roads in Louisiana?

Mr. Porter: Yes, sir; we pay taxes on the equipment.

Mr. McRae: And you comply with all the regulations of the Louisiana Commission?

Mr. Porter: Yes.

Mr. McRae: And such of the regulations of the Interstate Commerce Commission as you have been requested to?

Mr. Porter: Yes,

Mr. McRae: When transporting the lumber you speak of or that his Honor asked you about, the carriage of the green lumber from the saw mill to the planer, do you not first carry it to the kiln in trucks?

Mr. Porter: Some of it, and it passes through the kilns into the yard, some of it to the planer.

Mr. McRae: And is, in fact, handled twice after it is unloaded from the logging cars?

872 Mr. Porter: Yes.

Mr. McRae: You keep the books of your railroad company separate from those of your lumber company?

Mr. Porter: Separate books and separate bank account, Mr. McRae: Do you pay per diem and charge demurrage? Mr. Porter: Yes, sir: it is provided for in our regular tariff.

Mr. Porter: Yes, sir; it is provided for in our regular tariff.
Mr. McRea: Would you have built this road but for this agreement, across the Dorcheat?

Mr. Porter: No, sir.

Mr. McRae: You could not have afforded it?

Mr. Porter: We would not have gone in the face of more experienced men, men with more money.

Mr. McRae: Did you cut all your timber, or have you left some of it?

Mr. Porter: We left some timber this summer. Our timber man told us there was a tract of about 10,000,000 to 15,000,000 feet a mile or so beyond the end of one of our spurs, but the country was so rough we could not afford to go after it, even with the division.

Mr. McRae: Have you stated what your net earnings were from the operation of this road?

873 Mr. Porter: Yes, sir, I have stated them. I think our logging operations—this operation cost us \$5,00 per thousand. We have been in a very rough country, and we probably lost money on some of that territory, and that is the reason we came out

and left some of this territory which was a mile or so from the end of the spur. We were in such a rough place it took two Shay en-

gines to haul three logging cars out over the hill.

Mr. McRae. I do not know that I quite understand you about the right of way. Mr. Wadley made a suggestion. I understood you to say that the railroad company owned the right of way that you had acquired.

Mr. Porter: It does to Gleason, and there is a deed on record in

Minden, at the Parish seat.

Mr. McRae: A logging spur is simply a permit to go over and it is taken up and there is no deed, and you give them the right to go over this land, and if it is necessary to go over private property you acquire that?

Mr. Porter: Yes, sir. Mr. Wadley: You mentioned there that the lumber company furnished all the right of way.

Mr. Porter: No.

471 Commissioner Harlan: Only for the movable tracks.

Mr. Porter: The lumber company of course furnished all the right of way beyond Gleason.

Commissioner Harlan: But the railroad company owns all the

right of way to Gleason?

Mr. Porter: The lumber company buys that and pays for it under contract. Commissioner Harlan: You said the lumber company had turned

into a partnership.

Mr. Porter: Yes.

Commissioner Harlan: What is that partnership?

Mr. Porter: Porter, Wadley & Company.

Commissioner Harlan: Was the lumber company incorporated originally?

Mr. Porter: Yes, sir; it is still in existence, but owns timber

Commissioner Harlan: What is the relation of Porter, Wadley &

Company to the lumber company? Are they lessees? Mr. Porter: No. sir; Porter, Wadley & Company purchase timber

from the Porter-Wadley Lumber Company.

Commissioner Harlan: The timber, but not the fee title? Mr. Porter: No, sir, just the stumpage.

Commissioner Harlan: The incorporated company owns the fee title to about 35,000 acres?

Mr. Porter: No, sir: we now have about 22,000 acres; that is in fee and timber rights together.

Commissioner Harlan; Now, Porter, Wadley & Company have acquired the timber rights on the acres that you own in fee?

Mr. Porter: They buy timber from month to month and pay for it as they get it out.

Commissioner Harlan: The lumber company is simply a compuny that owns it?

Mr. Porter: Yes.

Commissioner Harlan And it is not operated?

Mr. Porter: No.

Commissioner Harlan: The partnership is operated?

Mr. Porter: Yes.

Commissioner Harlan: The partnership owns the saw mill and planer?

Mr. Porter: Yes, sir; everything.

Commissioner Harlan: Does the partnership own the railroad?

Mr. Porter: No, the stockholders own the railroad, and there are several individuals who are not stockholders in the lumber company. It requires six incorporators in Louisiana, and there are not that many members of the Porter-Wadley Company.

Mr. McRea: But E. E. Porter and Mr. Wadley are the principal

stockholders in the railroad company?

Mr. Porter: Yes, sir, we are the principal owners of all three companies.

Commissioner Harlan: I understand the outside traffic amounts

to very little.

Mr. Porter: The tonnage last year was 746 tons; that is, general freight; that includes feed stuff, fertilizer and general merchandise.

Commissioner Harlan: Inbound and outbound? Mr. Porter: Yes, sir, 726 tons, I should say.

Mr. McRae: I believe you stated it was standard gauge?

Mr. Porter: Yes, sir.

(Witness excused.)

877 Bernice & Northwestern Railway Company.

(At 6:00 P. M. the hearing on the above named company was held before Examiner Burchmore in room 1077 of the Grunewald Hotel, New Orleans, pursuant to agreement between all parties.)

G. W. James was called as a witness, and having been duly sworn, testified as follows:

Examiner Burchmore: What is your residence and occupation? Mr. James: I live at Bernice, Louisiana, and am president of the Bernice & Northwestern Railway.

Examiner Burchmore: How long have you been president of that

Mr. James: Ever since its organization. Examiner Burchmore: In what year?

Mr. James: 1908.

Examiner Burchmore: It was incorporated in 1908?

Mr. James: It was incorporated in 1908.

Examiner Burchmore: In what year was the railroad or the first portion of the railroad constructed?

Mr. James: It was started in 1902 or 1903; it belonged to

878 the lumber company at that time.

Examiner Burchmore: Was the first construction co-incident with the establishment of the mill at that point?

Mr. James: Yes, sir.

Examiner Burchmore: Describe the line as it then existed, in a ough way.

Mr. James: Well, we built a logging road from Bernice to Sum-

nerfield to log the Bernice Lumber Company's plant.

Examiner Burchmore: How long was that road? Mr. James: Well, it was 15 miles to Summerfield,

Examiner Burchmore: At that time?

Mr. James: Yes, when it was started it was 15 miles.

Examiner Burchmore: Was there any town at Summerfield at hat time?

Mr. James: Yes, sir.

Examiner Burchmore: It was not just a point in the woods?

Mr. James: No, it is an old town, the oldest town in Louisiana. l guess.

Examiner Burchmore: At Bernice you had a connection with the Chicago, Rock Island & Pacific Railway?

Mr. James: Not at that time we did not; it was known as the

Arkansas Southern at that time, Examiner Burchmore: Was it a part of the Rock Island System?

Mr. James: It was the Rock Island when we started and the lumber company sold it to the railroad company.

Examiner Burchmore: Was the Arkansas Southern a part of the Rock Island System at that time?

Mr. James: No.

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Examiner Burchmore: Was it an independent road?

Mr. James: Yes, sir.

Examiner Burchmore: Was it at that time controlled by lumber interests, if you know?

Mr. James: No, sir: I do not think so, but I could not say. Examiner Sanford: What are the termini of the road; where

does it run from and to?

Mr. James: From Bernice, Louisiana to Summerfield, Louisiana. Examiner Sanford: Any branches?

Mr. James: Yes, sir; that is a distance of 15 miles; then it has another branch which runs from Dubach to Cunningham, eleven

Examiner Sanford: Is Cunningham a station?

Mr. James: Yes, sir.

Examiner Sanford: It has no other connections?

Mr. James: No, except the Rock Island connection. Examiner Burchmore: At the time of the incorporation in 1908 was there any other railroad in existence other than the line from

Bernice to Summerfield? Mr. James: There was a road at Bernice; the Arkansas Southern

was there. Examiner Burchmore I mean was there any other part of this tap line?

Mr. James: No.

Examiner Burchmore: What road has subsequently been con-

structed since the incorporation?

Mr. James: Oh, yes, sir, at the time of the incorporation. I thought you said when it was first built, there was not any other, but at the time of the incorporation there was this other branch from Dubach, eleven miles, it was there the same as it is today.

Examiner Burchmore: Dubach is eleven miles westward?

Mr. James: Yes, sir.

Examiner Burchmore: Is there any connection between the Dubach line and the Bernice line?

Mr. James: Rock Island connection.

881 Examiner Burchmore: Have you trackage rights over the Rock Island?

Mr. James: Nothing over our rails—we run our engines back and forth, but we pay the regular tariff; we have not any special rate. Examiner Burchmore: No contract?

Mr. James: No.

Examiner Burchmore: No special arrangement? Mr. James: No, sir; no special arrangement.

Examiner Burchmore: Do you run your own cars back and forth? Mr. James: No.

Examiner Burchmore: Just your engines?

Mr. James: Just our engines.

Examiner Burchmore: What consideration do you pay for that privilege?

Mr. James: Seventy-five cents per engine mile.

Examiner Burchmore: That is run with your own crew and under its own power?

Mr. James: Yes, sir.

Examiner Burchmore: Without any load behind?

Mr. James: No.

S82 Examiner Burchmore: No empty cars?

Mr. James: No.

Examiner Burchmore: By whom is the stock in the Bernice & Northwestern Railway Company now held?

Mr. James: Well, it is held by myself and Mr. Fleishel and a few others, minor stockholders, that have not got but a little.

Examiner Burchmore: By whom is the majority of the stock of the railroad company held?

Mr. James: It is held by the same people as the lumber company; practically the same.

Examiner Burchmore: Then in substance the railroad company is owned and controlled by what lumber company, if any?

Mr. James: The same people that control the Bernice & Northwestern Railroad Company control the Bernice and Dubach Lumber Companies.

Examiner Burchmore: Those are two lumber companies, the Bernice Lumber Company and the Dubach Lumber Company?

Mr. James: Yes, sir.

Examiner Burchmore That ownership of railroad stock is by the

stockholders of the lumber companies and not by the lumber companies themselves?

883 Mr. James: Yes, sir, by the stockholders.

Examiner Burchmore: There is no holding company that owns the stock in both companies?

Mr. James: No.

Examiner Burchmore: What was the earliest time when an allowance or division was paid to this tap line?

Mr. James: When it was started, in 1908.

Examiner Burchmore: Prior to the chartering of the tap line, no allowances or divisions whatsoever were paid to the owners of that tap line?

Mr. James: No, sir; nothing before that.

Examiner Burchmore: What rates on freight were paid prior to the incorporation? The regular legal tariff rate from the junction point?

Mr. James: You mean by the lumber company?

Examiner Burchmore: Yes.

Mr. Gaughan: To the Rock Island, he means,

Examiner Burchmore: To the Rock Island or its predecessor.

Mr. James: The lumber company owned the railroad company—

Mr. Gaughan: No, he is talking about what rate did you pay to the Arkansas Southern before you incorporated.

Mr. James: We paid them the regular tariff rate from

884 Bernice, the junction point.

Examiner Burchmore: Without any drawback or reduction of any character?

Mr. James: No, we did not get anything back before it was in-

corporated.

Examiner Burchmore: Was the establishment of divisions and allowances coincident with the incorporation of the tap line?

Mr. James: You mean they started at the same time?

Examiner Burchmore: Yes.

Mr. James: Yes, sir, we got the divisions when we chartered.

Examiner Burchmore: What was the purpose of this incorpora-

tion of the tap line, if you can state?

Mr. James: Well, we really chartered to get the divisions. We had to charter before we could get them, and we chartered in order to get the divisions, while we were doing a good deal of other business out in that country; in fact, we do a good deal of other business for other people.

Examiner Burchmore: At the time of the incorporation was there any actual traffic ready to be solicited for the public along the lines

of your tap line?

885 Mr. James: Yes, sir; we were doing at least 15 per cent for the public before we chartered—ten per cent, I will say, at least.

Examiner Burchmore. What was the character of that traffic and for whom was it performed?

Mr. James: It was hauling staves in and car lots of flour and

feed stuff for this town of Summerfield.

Examiner Burchmore: Say for the 12 months ending June 30, 1908, what would you estimate the total tonnage moving over this tap line; that is, prior to the incorporation?

Mr. James: That is, before the incorporation?

Examiner Burchmore: Yes.

Mr. James: Well, I just said not less than—about 10 or 12 per

cent, I suppose, of the stuff.

Examiner Burchmore: No, but in cars or tons, what was the total traffic of all kinds that moved over that tap road?

Mr. James: Logs for the mills?

Examiner Burchmore: Everything, of every character.

Mr. James: How many carloads?

Examiner Burchmore: Yes.

Mr. James: It is pretty hard to get that.

Examiner Burchmore: A general statement.

886 Mr. James: For a year?

Examiner Burchmore: Yes; I simply want an idea of the extent of its business.

Mr. Gaughan: Would he have a right to see this paper and then compare it?

Examiner Burchmore: He can look at anything he wants to.

Mr. James: I know what it was for the next year, and it is practically the same.

Examiner Burchmore: Just tell it in round figures, then,

Mr. Gaughan: You can refresh your memory from any paper you have got.

Mr. James: Before the organization is what you want?

Examiner Burchmore: Yes.

Mr. James: For the next year it was 83,000 tons.

Examiner Burchmore: Of all traffic?

Mr. James: That is for the next year; that is after we incorporated.

Examiner Burchmore: What was the traffic-

Mr. James: I suppose the year before that would be about 80,000 tons, the year before we chartered.

Examiner Burchmore: For the nine months ending June 30, 1909, we have understood that your total traffic was 36,695

887 tons.

Mr. James: For nine months?

Examiner Burchmore: Yes, commencing October 1st, 1908. Mr. James: Well, this that I gave you for the year was 83,000

Examiner Burchmore: More than twice what you handled in nine months. Your first annual report for the fiscal year ending June 30, 1909, indicates, I think, a traffic of 36,695 tons for nine months.

Mr. James: Yes, and now the next year was 83,000 tons.

Examiner Burchmore: That is the fiscal year 1910?

Mr. James: Ending this year, this is the last report. I could

not say whether before we chartered—we did not keep any track of that before we chartered. I do not know whether it would be a little more or a little less.

Examiner Burchmore: The line from Bernice westward practically parallels the road from Dubach westward with no physical

connection?

Mr. James: Yes, sir.

Examiner Burchmore: What is the location of the mill of the Bernice Lumber Company?

Mr. James: It is on the track of the Bernice & North-

XXX western.

Examiner Burchmore: Right on the track of the Rock Island?

Mr. James: Yes, sir.

Examiner Burchmore: Where is the mill of the Dubach Lumber Company located?

Mr. James: Also on the track of the Rock Island.

Examiner Burchmore: Also on the track of the Bernice & Northwestern?

Mr. James: Yes, sir.

Examiner Burchmore: At Dubach?

Mr. James: Yes, sir.

Examiner Burchmore: How much of a town is Dubach?

Mr. James: It is about 1.500 people, I guess.

Examiner Burchmore: Was there any town there before the mill was constructed?

Mr. James: The mill was constructed and the town about the

same time; it is all really built together.

Examiner Burchmore: Are Bernice and Dubach, or either of them, what are commonly known as company towns?

Mr. James: No, sir. Saw mill towns? No, they are good sized

We do not compose ten per cent of the people.

Examiner Burchmore: These lumber companies do not control the merchandise trade there?

Mr. James: No. We have got a big town; Bernice is

about 3,000 people, and a good big bank in both towns.

Examiner Burchmore Does the Bernice & Northwestern publish and file with the Commission any tariff of local rates applying to interstate traffic between points on its line?

Mr. James: Interstate?

Examiner Burchmore: Yes, for interstate application.

Mr. James: Published with the Commission; no, sir, I do not think so. I would rather leave that question for Mr. Wacker to answer, as to the tariff.

Examiner Burchmore: You are not advised with respect to the rates as well as he is?

Mr. James: No. We have a milling in transit proposition strictly, and Mr. Wacker can explain that all better than I can.

Examiner Burchmore: Will you please explain the method or practice at the present time of handling the logs into the mill and the lumber out of the mill for these controlling lumber companies?

Mr. James: That is a milling in transit proposition which I would rather Mr. Wacker would answer.

Examiner Burchmore: I am speaking from an operating 890 standpoint; not what rates or privileges, but what is the physical handling of the property?

Mr. James: Well, we have got log cars and three locomotives,

and 62 or 64 log cars.

Examiner Burchmore: Those cars are equipped with safety ap-

Mr. James: No, they are regular skeleton log cars. Examiner Burchmore: No air brakes or couplers?

Mr. James: No.

Examiner Burchmore: Used for the transportation of anything but logs?

Mr. James: No.

Examiner Burchmore: Any cars used for other tonnage? Mr. James: Yes, sir; we have four of what we call open cars, flat cars, really, that we have for what little freight we handle.

Examiner Burchmore: Any box cars?

Mr. James: No. sir.

Examiner Burchmore: A caboose?

Mr. James: No.

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Examiner Burchmore: Are these flat cars equipped with couplers?

Mr. James: Yes, sir.

Examiner Burchmore: And air brakes?

Mr. James: We have brakes on the engines and these flat cars. Examiner Burchmore: The Bernice & Northwestern engine takes the logging cars which it owns and hauls them empty into the forest?

Mr. James: Hauls them to Summerfield, and then the lumber company has spurs and it pulls these logs up to the main line,

as we call it, to the railroad.

Examiner Burchmore: Does the lumber company have any locomotives?

Mr. James: Yes, sir.

Examiner Burchmore: It handles the cars over its own private spur tracks, then?

Mr. James: Yes, sir.

Examiner Burchmore: What is the extent of those private spur tracks in length?

Mr. James: That is all of them at both places. Dubach and

Bernice?

Examiner Burchmore: State it separately.

Mr. James: At Bernice we have, I should say, about eight 892 or nine miles. Dubach has about nine miles, I think.

Examiner Burchmore: A logging car is loaded with logs up in the forest by the employes of the lumber company?

Mr. James: Yes, sir.

Examiner Burchmore: And it is then hauled by the engine of the lumber company to Summerfield?

Mr. James: Yes, sir.

Examiner Burchmore: In the case of the Bernice company's shipments?

Mr. James: Yes.

Examiner Burchmore: What is the subsequent method with re-

spect to those logs?

Mr. James: The engine that runs from Bernice to Summerfield picks these loads up and carries them to the mill, which is located

Examiner Burchmore: Who unloads the logs at that point?

Mr. James: The mill employés,

Examiner Burchmore: They are then manufactured into lumber?

Mr. James: Yes, sir.

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Examiner Burchmore: And loaded into cars by whom? Mr. James: The Rock Island.

Examiner Burchmore: Where are those cars set, and by whom?

Mr. James: They are set by the Rock Island upon their spur

track. Examiner Burchmore: And are loaded by your employés, or the lumber company employés?

Mr. James: Yes, sir.

Examiner Burchmore: They are then switched out or moved out by the Rock Island?

Mr. James: By the Rock Island. We do not handle them at all.

Examiner Burchmore: And move to interstate destinations?

Mr. James: Yes, sir.

Examiner Burchmore: Is any bill of lading issued at the time the log leaves the woods, or leaves Summerfield?

Mr. James: Yes, sir.

Examiner Burchmore: By whom is that issued and where?

Mr. James: That is stated, it is from Summerfield or Cunningham, whichever the case may be, as we have no agent at Summerfield.

Examiner Burchmore: Have you any agent at Cunning-894 · ham?

Mr. James: No. sir.

Examiner Burchmore: Where are your agents located?

Mr. James: At Bernice. Examiner Burchmore: They issue bills of lading in the name of the Bernice & Northwestern Railway?

Mr. James: Yes, sir.

Examiner Burchmore: At Bernice, but stated Summerfield?

Mr. James: Yes.

Examiner Burchmore And Cunningham?

Mr. James: Yes.

Mr. Wacker I would like to correct that. There is also an agent at Dubach who signs bills of lading for the Dubach Division. and also one at Bernice, who signs for the Bernice Division.

Examiner Burchmore The method is the same.

Mr. Wacker: The method is exactly the same.

Examiner Burchmore: Are any waybills issued for the movement into the mills?

Mr. James: Yes, sir, into the mill and out. Examiner Burchmore: Waybills are issued in?

Mr. James: Yes, sir,

895 Examiner Burchmore: Are those card waybills?

Mr. James: We make a waybill covering the cars in.

Examiner Burchmore: Those freight bills actually accompany
the cars?

Mr. James: No.

Examiner Burchmore: The conductor never sees them?

Mr. James: No, we make a waybill covering the train of logs.

Examiner Burchmore: Then when the shipments subsequently move out from the mill for interstate destinations, under what bill of lading do they move?

Mr. James: They move under the bill of lading—they move under a waybill. We furnish the Rock Island a waybill for each

ar.

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Examiner Burchmore: You issue the waybills then?

Mr. James: Yes, sir.

Examiner Burchmore: What point is shown as the point of origin on that waybill?

Mr. James: Summerfield and Cunningham.

Examiner Burchmore: Bernice does not appear as the point of origin?

Mr. James: No.

Examiner Burchmore: Is any new bill of lading issued?

Mr. James: New bill of lading?

Examiner Burchmore: Yes.

Mr. James: What do you mean, after the car is loaded?

Examiner Burchmore: When it is loaded out with lumber. You stated you issued——

Mr. James: Yes, we issue a bill of lading for each car of humber. Examiner Burchmore: You issue two bills of lading, one at the time the log leaves Summerfield, and at the time the lumber leaves the mill?

Mr. James: I don't know about bills of lading-

Mr. Wacker: We do not issue the bill of lading for the logs, but issue a waybill or wheel report; the conductor has a wheel report in which he reports the number of logs in each train. For instance, he brings in ten cars of logs and he turns the report into the office, and from his report we turn the waybill into the mill.

Examiner Burchmore: So far as the logs are concerned, no bill of lading is issued until they reach Bernice?

Mr. Wacker: That is right.

Examiner Burchmore: Immediately upon their arrival at Bernice, is the waybill issued?

Mr. Wacker: There is a bill issued on the conductor's report of his trip brought in at that time.

Examiner Burchmore: Subsequently when the lumber is billed

out from the mill you then issue a bill of lading reading back to Summerfield or Cunningham, as the case may be?

Mr. Wacker: Yes, sir.

Examiner Burchmore: An examination of the operations of your company was made by examiners of the Commission on or about December 4th, 1909, and the Commission has in its records a report from such examiners. Has there been any change in the methods or practices of your company since the date of that examination with respect to the movement of logs or the movement of lumber?

Mr. James: No. sir, I think not.

Examiner Burchmore: Has there been any new construction by the railroad company since that date?

Mr. James: No. sir. not by the railroad company.

Examiner Burchmore: There has however, been new construction or change of line in the case of the private rails of the lumber companies?

Mr. James: Yes, sir.

898 Examiner Burchmore: Those lines are not fixed in character, but are moved from time to time as the timber is cut? Mr. James: Yes, sir, they are small spur tracks, and it is moved

into the timber we cut, we move it farther out,

Examiner Burchmore: Are the officers of the Bernice & Northwestern Railway Company identical with the officers of the lumber companies, or either of them?

Mr. James: Well, they are practically the same.

Examiner Burchmore: Are you advised as to what parties or interests own the Bernice Lumber Company?

Mr. James: Yes, sir, I know who owns the Bernice Lumber Com-

Examiner Burchmore: State, if you will, Mr. James: I am President of it. I own it

Examiner Burchmore: You own the Bernice Lumber Company?

Mr. James: Yes. sir.

Mr. Gaughan: He wants to know how much of the stock is yours? Examiner Burchmore What proportion of the stock do you 899

Mr. James: About half, a little over half,

Examiner Burchmore: Do you own that in your own right or in trust?

Mr. James Of what company do you mean, now, the Bernice or the railroad?

Examiner Burchmore: The Bernice Lumber Company.

Mr. James: I own the Bernice Lumber Company. Examiner Burchmore In your own right? Mr. James: Yes, sir. I own all this company.

Examiner Burchmore: The Bernice Lumber Company is not owned or controlled by any interests that own and control other lumber companies aside from the Dubach Company?

Mr. James: No.

Examiner Burchmore: Does the same statement apply to the Dubach Lumber Company?

Mr. James: Yes, sir. I own over fifty per cent of both those companies.

Examiner Burchmore: Who owns the minority interests in those

two companies?

Mr. James: In the Dubach Lumber Company and Bernice Lumber Company, Mr. M. L. Fleishel, the same man who is interested in the railroad. 900

Examiner Burchmore: How long have you owned the con-

trolling interest in these two companies?

Mr. James: About nine years with the Bernice and I bought the Dubach Lumber Company four years ago, three and a half or four.

Examiner Burchmore: Since the incorporation of the Bernice & Northwestern Railway Company, and the establishment of allowances or divisions have you increased to a considerable extent your land or stumpage holdings in that vicinity?

Mr. James: No. sir, there is none to increase. We probably would

if we could.

Examiner Burchmore: Is there any timber along the line-

Mr. Gaughan: I do not think you understood the question. He means have you bought any timber, after you got this division promised to you?

Mr. James: Yes, sir, we are buying timber. We buy timber right

Examiner Burchmore: Acquiring additional timber lands or stumpage rights?

Mr. James: Yes, sir.

Examiner Burchmore: Is there any timber land along the line of the Rernice & Northwestern which is not owned by your 901 lumber companies?

Mr. James: There is quite a good deal of hardwood-

Mr. Wacker: He is talking about lands. Examiner Burchmore: Well, or stumpage?

Mr. James: I said quite a good deal of hardwood.

Examiner Burchmore: Is there any cutting going on?

Mr. James: Of hardwood? Yes, sir.

Examiner Burchmore: Are there any other sawmills on your line?

Mr. James: No. sir.

Examiner Burchmore: By whom is this cutting done?

Mr. James: By two or three concerns in New Orleans here. The Lamore Company, Cornie Stave Company, Adams Stave Company and A. Lamore Company. They are cutting staves, all those parties. and ties.

Mr. Wacker: The ties are being cut by Jacobs, are they not?

Examiner Burchmore: And others?

Mr. James: Well, the ties are cut, there are quite a good deal of ties which have been shipped by-I haven't got that big tie man's name.

Mr. Wacker: Is not Jacobs the man?

902 Mr. James: No. but on the Dubach Division.

Examiner Burchmore: Should I ask you about the rates applying on ties, or Mr. Wacker?

Mr. James: You might ask him.

Examiner Burchmore: Have you ever heard of the so-called Colonial system of tap lines?

Mr. James: Yes, sir.

Examiner Burchmore: Is there such a system?

Mr. James: No, sir.

Examiner Burchmore: How have you heard of it then?

Mr. James: It has not been in existence for, I don't know it has been six or seven years, and it really never was incorporated: it never was a railroad. It was in the Guide, I think, was about as far as that question ever got.

Examiner Burchmore: Can you give me a little information?
Mr. James: The Bernice & Northwestern was in with the Colonial
Railway System.

Examiner Burchmore: What sort of a system was that?

Mr. James: It was not much of a system. That was away back, four or five years before the incorporation.

Examiner Burchmore: Has the Colonial System gone out

903 of existence entirely?

Mr. James: I suppose so. I haven't heard of it, in five, six or seven years.

Examiner Burchmore: Your railroad has no relation with any other tap lines?

Mr. James: No. sir, none whatever.

Examiner Burchmore: Have you any contract with the Rock Island System?

Mr. James: Nothing more than division sheets: I don't know whether you count those as contracts or not.

Examiner Burchmore: Is there any other statement that you desire to make in order that the Commission may be fully informed with respect to the status of your company?

Mr. James: I do not know of any. The Commission has all our reports, and we make our yearly and monthly reports and accident reports.

Examiner Burchmore: Do you keep your accounts in conformity with the regulations of the Interstate Commerce Commission?

Mr. James: Yes, sir, we keep that according to their rules Examiner Burchmore: What is the capitalization of the railroad? Mr. James: \$200,000.

Examiner Burchmore Authorized?

Mr. James: Yes, sir.

Examiner Burchmore: And outstanding?

Mr. James: \$108,600.

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Examiner Burchmore: Was that stock paid for in each or issued in exchange for railroad acquired?

Mr. James: The lumber company declared a dividend-

Mr. Gaughan: The lumber company declared a dividend and you people got some money, and you took the money and bought stock in the railroad?

Mr. James: Yes, sir we bought stock in the railroad or really bought the railroad

Mr. Gaughan: You bought stock in the railroad, and then the

railroad company bought the railroad.

Examiner Burchmore: What was done was this, the lumber company declared a dividend, and instead of paying the dividend in cash had the railroad stock issued to its stockholders?

Mr. Gaughan: No.

Examiner Burchmore: I do not wish to ask a technical question, but the substance of that transaction was about that?

905 Mr. James: That is about the substance of it. The lumber company declared a dividend, and we organized a railroad and practically to the same stockholders, and bought stock in it.

Examiner Burchmore: As a stockholder in the lumber company you received money in the shape of a dividend and used that money to buy stock in the railroad?

Mr. James: Yes, sir.

Examiner Burchmore: And the railroad, with the money thus obtained from stock subscription, bought the line from the lumber company?

Mr. James: Yes, sir.

Examiner Burchmore: What dividends, if any, has the railroad company paid?

Mr. James: They have not paid any.

Examiner Burchmore: Are there any bonds outstanding on the railroad?

Mr. James: No.

Examiner Burchmore: You have paid no interest on bonds, then?

Mr. James: No.

Examiner Burchmore: Have you accumulated a surplus?

Mr. James: No, I think we have lost a little money.

Examiner Burchmore: The operations have been con-

ducted at a loss?

Mr. James: Yes.

Examiner Burchmore: What advantage, if any, has accrued to the owners of this railroad through its operations then?

Mr. James: We expected to do better than we did. We expected to make some money out of it, but up to date we have failed.

Examiner Burchmore: To make some money from the public traffic?

Mr. James: From the public traffic and the lumber company.

Examiner Burchmore: Was not the railroad built and organized primarily for the purpose of serving these lumber plants and with the hope that as an adjunct to the lumber plant it would pay?

Mr. James: Well, the railroad does a good deal of outside business and always has, ever since it has been in existence, even before it was incorporated they did quite a good deal of business for the public.

Examiner Burchmore: There is no further statement you desire to make.

907 Mr. Gerzhan: I wanted to direct his attention to one feature, and he should have answered it in answer to the

Examiner's question when he asked if you had anything else. How far is it practicable to log a sawmill with wagons, how far away?

Mr. James: With wagons?

Mr. Gaughan: Yes.

Mr. James: Not over two miles.

Mr. Gaughan: Were it not for the railroad to which you have referred, lumber, both hardwood and pine, out at the end of those

lines, would not be available at all, would it?

Mr. James: No. sir. There is no other railroad in that section. Mr. Gaughan: Were it not for the divisions which this railroad company receives, in view of the character of the country and the physical conditions, could that timber be manufactured profitably? That is to say, if the lumber company had to bear by itself the entire expense of bringing it to its mill by a railroad owned by it, and got no division of the freight rates.

Mr. James: We have bought timber since this division was put in that we never had figured on cutting, but after getting the division we have gone much farther than we expected to

20.

Examiner Burchmore: You can apply that division on one side of the ledger as against the extra cost of going farther into the woods, on the other side of the ledger?

Mr. James: Yes, sir.

Examiner Burchmore: These other interests who are cutting hardwood along your line team their logs to the railroad?

Mr. James: Yes, sir, to the line.

Examiner Burchmore: Do they receive any allowance for that teaming?

Mr. James: No. sir.

Mr. Gaughan: You also team your logs to the railroad, do you not?

Mr. James: Yes, sir.

Examiner Burchmore: Has the Bernice & Northwestern any station building?

Mr. James: Nothing only warehouses.

Examiner Burchmore: What are those warehouses, and where are they located?

Mr. James: Cottonseed. We have three cottonseed houses at Summerfield, that is practically all the warehouses we have. 909 We haul a good deal of cottonseed.

Examiner Burchmore: Any team tracks?

Mr. James: You mean for freight?

Examiner Burchmore: Yes.

Mr. James: We do not have any freight, only in car lots.

Examiner Burchmore: Do you have any side tracks where freight for the public can be set?

Mr. James: Yes, sir.

Examiner Burchmore: Along the lines?

Mr. James: Yes, sir; that is at Summerfield and Cunningham and one along the line between Summerfield and Bernice.

Examiner Burchmore: I presume the extent and nature of your tonnage is fully set forth in your annual report for 1910 to the Commission?

Mr. James: Yes. sir.

Examiner Burchmore: What employes has the railroad com-

Mr. James: In office work or-Examiner Burchmore: All together?

Mr. James: How many men?

Examiner Burchmore: Yes, and classify them.

Mr. James: They use about 35 men, I guess, 910 Examiner Burchmore: How many engineers? Mr. James: Three.

Examiner Burchmore: Fireman?

Mr. James: Three

Examiner Burchmore: Other train men?

Mr. James: Seven.

Examiner Burchmore: Do those men devote their entire time to the work of the railroad?

Mr. James: Yes, sir.

Examiner Burchmore: Do not work for the lumber company ordinarily?

Mr. James: No.

Examiner Burchmore: How many track men have you?

Mr. James: It will average about 25 men.

Examiner Burchmore: Who work solely for the railroad company?

Mr. James: Yes, sir, who work solely for the railroad company, Examiner Burchmore: What other employes are there, if any? Mr. James: Well, myself and the agent at Bernice and Dubach. and the superintendent at Dubach.

Examiner Burchmore: That superintendent is also an employé of the mill company? 911

Mr. James: Yes. sir.

Examiner Burchmore: Does he receive a salary from the railroad company?

Mr. James: Yes, sir.

Examiner Burchmore: What is his salary from the railroad com-

Mr. James: About one-third of his salary.

Examiner Burchmore: Well, I mean in dollars?

Mr. James \$25.00 a month.

Examiner Burchmore: Do you receive a salary from the railroad company?

Mr. James: Yes, sir.

Examiner Burchmore: What is your salary from the railroad company?

Mr. James: \$100 a month.

Examiner Burchmore: These agents at Dubach and Bernice, are they joint agents with the railroad company?

Mr. James: With the Rock Island, do you mean?

Examiner Burchmore: Yes.

Mr. James: No.

Examiner Burchmore: Are they also employed by the mill companies?

Mr. James: Yes, sir.

Examiner Burchmore: In what capacity?

Mr. James: The agent is bookkeeper at the lumber company.

Examiner Burchmore: At each point?

Mr. James: Yes.

Examiner Burchmore: What proportion of their salaries is paid by the railroad company?

Mr. James: About one-fourth of it.

Examiner Burchmore: Do they devote substantially one-fourth of their time to railroad work?

Mr. James: They devote three-fourths of it, there is more work for the railroad than for the lumber company, much more.

Examiner Burchmore: May I call your attention to the provision in the amendment to the Act to Regulate Commerce, enacted at the last session, which forbids any agent or employé of a common carrier subject to the act, from giving to any shipper information respecting the shipments of his competitors. Now without asking you any question about that, it being perhaps a matter of argument how could your agents refrain from civing to them

ment, how could your agents refrain from giving to themselves as employes of the lumber company, information with

respect to shipments of its competitors, if any move over the railroad company? That is not a question, however. Where is the general office of the Bernice & Northwestern Railway Company?

Mr. James: Bernice.

Examiner Burchmore: Has that always been its general office?

Mr. James: Yes, sir.

Examiner Burchmore: Did it not formerly have a general office in the Fullerton Building, St. Louis, Mo.?

Mr. James: No. sir; I don't know how you got us mixed up with the Fullerton Building.

e runerton building.

Examiner Burchmore: Did you ever hear of a Mr. J. C. Cremer?

Mr. James: I saw him, and that is just about all.

Examiner Burchmore: We have him on one of our reports as the Comptroller of the Bernice & Northwestern Railway Company, with an office in the Fullerton Building, St. Louis?

Mr. James: I don't know anything about it. Examiner Burchmore: Is that correct?

Mr. James: No.

Examiner Burchmore: He has never been an officer of your company or an employee?

914 Mr. James: No, sir, not in any way, shape or form.

Examiner Burchmore: I presume you are fully authorized to represent your company on this occasion?

Mr. James: Yes, sir.

(Witness excused.)

A. H. Wacker was called as a witness, and having been duly sworn, testified as follows:

Direct examination:

Examiner Burchmore: Please state your residence and occupation?

Mr. Wacker: Bernice, La. I am Auditor of the Bernice & North-

western, and bookkeeper of the lumber company.

Examiner Burchmore: State in a general way the basis of the divisions or allowances received by the Bernice & Northwestern on

the movement of lumber?

Mr. Wacker: We have a division sheet furnished us by the Rock Island, showing divisions to various points on lumber that we ship from the mills of the Bernice and Dubach Lumber Companies.

Examiner Burchmore: But what is the basis of the amounts of

those allowances?

915 Mr. Wacker: Do you mean the maximum and minimum divisions allowed?

Mr. Burchmore: What is the basis of the amounts of those allowances?

Mr. Wacker: If I understand you correctly, you want the minimum and maximum allowances.

Examiner Burchmore: Yes, and the general territory to which

they apply.

Mr. Wacker: Well, the division sheet provides for a minimum of one cent and a maximum of four cents per 100 pounds. The four cent division applies to points located on the Rock Island rails, that is where they get the entire haul the divisions are higher than they are where the rates have to be divided with other lines.

Examiner Burchmore: Four cents per 100 pounds applies to traffic

to all points on the Rock Island?

Mr. Wacker: No, to points in Nebraska and Colorado, located on their own line. For instance, to Omaha we get a four cent division.

Examiner Burchmore: To Rock Island points in Texas four cents?

Mr. Wacker: We only get one cent division. I do not

916 know whether you have a copy of that.

Examiner Burchmore: Refer to that division sheet and state whether it is your present division sheet (handing paper)?

Mr. Wacker: Yes, except there ought to be stated here a recent division sheet which came out allowing us one cent to points in Texas.

Examiner Burchmore: What is the number of that?

Mr. Wacker: Rock Island No. 25,232.

Examiner Burchmore: That is the present division sheet, with

the exception just stated?

Mr. Wacker: There are some additions which are not here. We have a new division—another addition was two cents per 100 pound-to points located in Arkansas.

Examiner Burchmore: Is there any lumber traffic on which your

company receives no division from the Rock Island?

Mr. Wacker: Yes, on lumber moving to local points in the State of Louisiana we do not get any division.

Examiner Burchmore: What is the explanation?

Mr. Wacker: I really cannot tell you what the explanation is. because this division sheet was put in by an arrangement with our traffic department. Our traffic man, Mr. Musick, made the 917 arrangement with the Rock Island.

Examiner Burchmore: Do you receive a division of two or

three dollars a car on business to Louisiana?

Mr. Wacker: We have a local tariff in effect which provides for a rate of \$5.00 per car on logs moving from our Bernice or Cunning ham station to the mill. Now when the product of those logs goeto the local points we retain that \$5.00 on the logs.

Examiner Burchmore: That is paid to you by the lumber com

pany?

Mr. Wacker: That is paid to us by the lumber company or the

shippers.

Examiner Burchmore: That in case of shipment performed for the public would be paid by the shipper?

Mr. Wacker: Yes, sir,

Examiner Burchmore: When the shipment goes to a point to which you have joint rates with the Rock Island, and a division in effect, you credit that \$5.00 on the through rate?

Wacker: The way we handle that is this. We tested a trainload of logs there to find out about what the number of 918 feet would be on each car of logs and we found that each

car would contain about 2000 feet of logs in the rough, and we also find that the average number of feet of lumber shipped out in the car of the finished product is about 16,000 feet; consequently we arrived at the ratio of eight cars of logs to make one car of lumber, the finished product. Now if we collect our local freight of \$5.00 per car on those logs, and they give us a bill of lading showing a reshipment of the finished product to a point on which we receive divisions we give them a milling in transit allowance of the entire amount paid on the logs.

Examiner Burchmore: In the case of a shipment to an interstate destination, is the rate applied that in effect from Bernice to destina-

tion or that in effect from Summerfield to destination?

Mr. Wacker: The rate is the same, because the rates are quoted by groups. Bernice, for instance, is in Group 19, according to the Rock Island tariffs, and Summerfield is in Group 42. Now both these groups take the same rate.

Examiner Burchmore: Dubach is the same rate?

Mr. Wacker: Yes.

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Examiner Burchmore: And Cunningham?

Mr. Wacker: Yes, sir. It does not make any difference whether the stuff is billed from Bernice or Cunningham, because the rate is the same.

Examiner Burchmore: As a matter of fact all the shipments for the Bernice Lumber Company are billed as originating at Summerfield?

Mr. Wacker: Yes, sir.

Examiner Burchmore: The tariff contains a milling in transit privilege?

Mr. Wacker: We concur in the Rock Island tariff and Lelands

tariff, and the Rock Island tariff shows the transit privilege.

Examiner Burchmore: Does that contain any rule with respect to the proportion of logs in to lumber out?

Mr. Wacker: No. If it does I do not recall it. I do not think it

does.

Examiner Burchmore: Can you refer to the present tariff by the I. C. C. number?

Mr. Wacker: Do you mean the Rock Island?

Examiner Burchmore: Yes.

Mr. Wacker: No.

920 Examiner Burchmore: Have you filed an index with the

Commission of your tariffs?

Mr. Wacker: Our tariff department handles that. I believe they have. I would not be positive of it. I do not handle that part of the business.

Examiner Burchmore: You are the agent at Summerfield?

Mr. Wacker: I am the Auditor, and act as agent at Bernice.

Examiner Burchmore: Then you attend to the billing and so forth?

Mr. Wacker: Yes, sir.

Examiner Burchmore: Is there any territory which you can refer

to as being your principal selling market?

Mr. Wacker: Well, I find that the majority of the shipments are destined to points east of the Mississippi River and north of the Ohio River on which the divisions will average three cents per 100 pounds. That is about what I figure our average divisions are.

Examiner Burchmore: What are the average rates, of courde in

a general way?

Mr. Wacker: Well, the rates range all the way from 18 cents to 37 cents, you know. You mean the rates from the mill to 921 final destination? They will run, we will say, 14 cents, that is the Memphis rate. The two cent division is based on the Memphis rate. Take that from 14 cents to 37 cents or even 40 cents. Of course, we ship to points all over the country. We issue bills of lading to any point all over the country.

Examiner Burchmore: You have just described the territory to which most of your lumber moves, and you have said that on most

of that lumber you get the three cent division.

Mr. Wacker: That would be the average, I think,

Examiner Burchmore: Out of what general rate would that be the division?

Mr. Wacker: On the rates shown in the tariff.

Examiner Burchmore: I mean 20 cents or 40 cents or what?

Mr. Wacker: I should think that rate would average about 30 cents.

Mr. Gaughan: We get a division on the average rate of 30 cents. Examiner Burchmore: Under the joint rate under which the

Rock Island and its connecting lines haul the lumber for a distance ranging from 100 or 200 miles to 1000 miles, you receive three cents per 100 pounds-

Mr. Wacker: I would figure that as an average.

999 Examiner Burchmore: What service do you perform for that three cents?

Mr. Wacker: Well, we perform the service, we figure the hauling of the rough product into the mill.

Examiner Burchmore: And that seems to be all?

Mr. Wacker: Yes, sir.

Examiner Burchmore: You furnish no cars except for the movement of the logs?

Mr. Wacker: Except the logging cars for the movement of the logs.

Examiner Burchmore: I believe it was stated that the lumber

company owns no cars?

Mr. Wacker: No, I do not think they own any. The railroad owns all the cars. I believe he did state that the lumber company owned an engine, which they do.

Examiner Burchmore: What is the rate to Chicago and the divis-

ion of that rate?

Mr. Wacker: The 1 seto Chicago is 26 cents per 100 pounds. I believe it is.

Examiner Burchmore: And the division?

Mr. Wacker: The division would be three cents.

Examiner Burchmore: What is the rate to Kansas City and the division?

Mr. Wacker: Kansas City is 24 cents and if that ship-923 ment moves over the Rock Island, that is over our rails of the Rock Island exclusively, we get three cents, but if it is routed some other way by the shipper so the Rock Island does not get the entire haul after it leaves us, we get a two cent division.

Examiner Burchmore: By whom was the railroad originally constructed, that is to say, was it originally constructed by the lumber

company or by a railroad for the lumber company?

Mr. Wacker: This was really a railroad operated by the lumber company before it was chartered as a railroad; it was already in existence when the present railroad company bought it.

Examiner Burchmore: I understand, but the railroad was not constructed by the Arkansas Southern on behalf of the lumber com-

pany?

Mr. Wacker: That was before my time. I do not think the Arkansas & Southern had anything to do with the construction of this. Do you know, Mr. Gaughan?

Mr. Gaughan: No. I was a stockholder.

Mr. Wacker: The Arkansas & Southern was a logging road itself at one time.

Examiner Burchmore: Does the Bernice & Northwestern 924 switch any carloads for the public?

Mr. Wacker: We do this, we do not do any switching. We set

cars that are furnished us by the Rock Island on our spurs out along the line for loading with bolts, staves and cottonseed.

Examiner Burchmore: By the public?

Mr. Wacker: Yes. sir.

Examiner Burchmore: Tell me a little about your general traf-

fic, how much cottonseed, and so forth?

Mr. Wacker: I think I have a little statement here which will give an idea. Our annual report for the year ending June 30th, 1910, shows a total tonnage of 83,611 tons. Now out of that tonnage we handled a total of 11,223 tons of miscellaneous commodities, grain, flour, mill products, cotton, cottonseed, fertilizer, salt, coal, staves, bolts, and so forth.

Examiner Burchmore: This statement shows that the percentage of miscellaneous commodities handled for the public to the total tonnage hauled for the public and for the lumber companies

is 13.4 per cent.

925 Mr. Wacker: Yes, sir.

Examiner Burchmore: For the year ending June 30th,

1910.

Mr. Wacker: Yes.

Examiner Burchmore: This statement substantially agrees with the figures given in the annual report for that year.

Mr. Wacker: Yes, sir.

Examiner Burchmore: You have filed your annual report for that year?

Mr. Wacker: That is a copy.

Examiner Burchmore: Was any part of this material mentioned on this statement camp supplies or company materials for the

logging operators?

Mr. Wacker: That is not included in this statement. We have not had any of that. All that we handled outside of course, is right here, and all that we handled for the mill company is shown right here. We haven't anything else.

Examiner Burchmore: Can you give these same figures stated

in dollars and cents instead of in tons?

Mr. Wacker: I do not think they show that way in the report. If they do they are right here. I would have to take them from the report.

Examiner Burchmore: Reference may be made to the an-

926 nual report for that information.

Mr. Wacker: If you haven't it there I can get it for you. Examiner Burchmore: If not contained in the annual report it will be furnished by you?

Mr. Wacker: Yes, sir. I think this annual report will show the total revenue collected on all commodities, and if you will want

it that way I will have to separate it for you.

Examiner Burchmore: In this statement, I understand. Mr. Wacker, you say that the 44,887 tons of logs represent not the total weight of logs in, but the excess of the logs over the lumber? Mr. Wacker: Yes, and those logs of which no division was re-

ceived. For instance, lumber sold for local shipment.

Examiner Burchmore: The total quantity of logs handled, I

presume, was 83,000?

Mr. Wacker: That 83,000 is the total of all commodities. The total of logs handled would be 23,000 plus 43,000. 83,000 was the total of all tonnage.

Examiner Burchmore: That is a very large increase apparently over the figures reported for the nine months of the fiscal year

ending June 30th, 1909.

997 Mr. Wacker: I will tell you why I think that is. I think there would be stave business and other miscellaneous products heavier; and also the logging was a good deal heavier.

Examiner Burchmore: The logging was a great deal heavier?

Mr. Wacker: Yes, sir.

Examiner Burchmore: It is probably covered by what I have said already, but I cannot understand these figures of tons and feet as readily as carload statements. Can you indicate how many carloads of lumber per month or per year are shipped out by your two lumber companies?

Mr. Wacker: I can give you an estimated average of about 1,500 ears of lumber a year. We will average about 35 cars of finished

product shipped out from Bernice.

Examiner Burchmore: What is the capacity of each of the mills. stated separately?

Mr. Wacker: The Bernice mill has a capacity of 50,000 daily. and the Dubach mill of about 75,000 daily.

Examiner Burchmore: Do you make any charge for depreciation

of equipment in your accounts?

Mr. Wacker: Yes, sir, we make a charge of one-twelfth of ten per cent per annum, and charge it off every month. Examiner Burchmore: And on locomotives?

Mr. Wacker: All equipment the same.

Examiner Burchmore: What is the approximate cost of upkeep of logging cars per annum, in your experience?

Mr. Wacker: '___ maintenance of equipment, I presume, would

come near to that. I can refer to this and give it to you.

Examiner Burchmore: Take the total sum and divide by the number of cars and we could get that figure I presume?

Mr. Wacker: Yes, sir.

Examiner Burchmore: You do not know what that is?

Mr. Wacker: No. The books show what the total maintenance of equipment was and we could arrive at it per car.

Examiner Burchmore: What do you pay for logging ears? Mr. Wacker: They will average about \$210, I guess. They generally come in knocked down, and we have to have them set up and it costs something to get them fixed up and in running order; I suppose \$225 to \$230.

Examiner Burchmore: What is the capacity of your logging cars?

Mr. Wacker: 40,000 pounds.

929

Examiner Burchmore: Do you carry any mail?

Mr. Wacker: No.

Examiner Burchmore: Express? Mr. Wacker: No.

Examiner Burchmore: Passengers?

Mr. Wacker: No; we are chartered for freight only.

Examiner Burchmore: You are chartered for freight only?

Mr. Wacker: That is all.

Examiner Burchmore: You carry people free sometimes?

Mr. Wacker: Well, they ride on our engines at their own risk, but we do not encourage anybody to do it, and we consider them as trespassers.

Examiner Burchmore: Do the officers or employés of the rail-

road company hold any passes from interstate railroads?

Mr. Wacker: Yes.

Examiner Burchmore: What passes and what officers?

Mr. Wacker: I think Mr. James has a pass over the Rock Island, I believe he has. I wish you had asked him that question instead of me, because I really don't know positively. I think he has over the Rock Island.

Examiner Burchmore: Interstate annual?

Mr. Wacker: Yes, sir.

Examiner Burchmore: You have a pass?

Mr. Wacker: I have not an annual but I have had trip 930

passes over the Rock Island.

Examiner Burchmore: You heard the testimony given by Mr. James. Is there any correction that you would suggest in the testimony he gave?

Mr. Wacker: Now, I didn't exactly understand his testimony in regard to the old Arkansas Southern, why he came to get that mixed up with the Bernice & Northwestern I did not understand.

Examiner Burchmore: Tell us about that road.

Mr. Wacker: As I understand it, it formerly was a logging road. and some years back was taken over by the Rock Island and now forms part of their main line.

Examiner Burchmore: Do you know who operated it when it

was a logging road?

Mr. Wacker: I do not know. It was long before I came down

in this part of the country.

Mr. Gaughan: The Arkansas Southern started at Eldorado, and was built to Junction City, a distance of about 16 miles, and stayed there about two or three years, and then it was extended to Wesson and became quite a railroad. Then, it was extended to Winnfield and then a short distance below Winnfield and towns grew

up on it and Bernice was one of them.

Examiner Burchmore: When did it reach Bernice? Mr. Gaughan: It reach the spot where Bernice is about 1900.

Examiner Burchmore: Was that its terminus for awhile? Mr. Gaughan: No, Bernice was never its terminus, but there was not any Bernice until it got there. Then it was sold to the Rock

Island System. Examiner Burchmore: Did you ever hear anything about that

sale, the terms?

931

Mr. Gaughan: Yes, sir; I was a stockholder and attorney for it, and helped make the sale.

Examiner Burchmore: Is there any statement you care to make?

Mr. Gaughan: No, that has nothing to do with all this.

Examiner Burchmore: Who controlled it when it was operated

as a tap line?

Mr. Gaughan: Well, it really never was operated as a tap line. Examiner Burchmore: Well, it was operated in connection with

some lumbering operations?

Mr. Gaughan: Well, it was operated in connection with a great many lumbering operations, a great many sawmills on it which had nothing to do with the railroad. There was only one sawmill on it that the stockholders of the Arkansas Southern had owned, and that was the one at Stonesboro, which is now owned by the Tremont & Gulf people. We sold it to them.

Examiner Burchmore: Is there any further statement you think should be made in order that this record may completely inform the Commission with respect to the operations of your road?

Mr. Wacker: None that I know of.

Examiner Burchmore: Have you anything further, Mr. Gaughan?

Mr. Gaughan: Have you got a telephone or telegraph line?

Mr. Wacker: We have a telephone line.

Mr. Gaughan: Along the line of the road?

Mr. Wacker: Reaching from Bernice to Summerfield. Examiner Burchmore: Have you a train dispatcher?

Mr. Wacker: No.

Mr. Gaughan: When anyone along the line of the road desires to have some freight moved, how is the communication made so that the railroad engines can go there and get it?

933 Mr. Wacker: They either notify us by phone or else give the requisition or request for service to our trainmen, and they bring it into headquarters, to the office, and the service that they request is performed in that way.

Mr. Gaughan: Has traffic need over your line of railroad every

day?

Mr. Wacker: Yes, sir.

Examiner Burchmore: Will you request Mr. James to furnish the Commission with a map of the line drawn to scale and showing the location of the mills and also the private tracks of the lumber company, and where lumbering is going on and these station points, and so forth.

Mr. Gaughan: Yes.

Examiner Burchmore: Have you any time table or regular train

schedules?

Mr. Wacker: We have no timetable. We try to run four trains daily, that is, make two round trips daily, one in the morning and one in the afternoon.

Examiner Burchmore: Do you connect with Rock Island trains?

Mr. Wacker: No.

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Whereupon, at 7:30 P. M. the hearing in the above mentioned railroad was closed, and an adjournment was taken according to the previous announcement of the Commissioner, until Monday, December 12th, 1910, at 9:30 A. M.

935

NEW ORLEANS, LA., December 12, 1910.

Met pursuant to adjournment at 9:30 A. M.

Present: Parties as before.

Commissioner Harlan: The first case is the Little Rock, Maumelle & Western. How many witnesses have you?

Mr. Mehaffy: We have two witnesses.

(The witnesses were then sworn.)

Little Rock, Maumelle & Western.

F. Neimeyer, was called as a witness, and having been duly sworn testified as follows:

Commissioner Harlan: State your name?

Mr. Neimeyer: F. Neimeyer.

Commissioner Harlan: Where do you live?

Mr. Neimeyer: Little Rock, Ark.

Commissioner Harlan: What is your business?

Mr. Neimeyer: I am Secretary of the A. J. Neimeyer Lumber Company, and Treasurer of the Little Rock, Maumelle & 936 Western Railroad.

Commissioner Harlan: What are the maini of the Little

Rock, Maumelle & Western?

Mr. Neimeyer: Maumelle.
Commissioner Harlan: Where is that in relation to the City of
Little Rock?

Mr. Neimeyer: 16 miles, in a westerly direction.

Commissioner Harlan: Have you a map of your road? Mr. Neimeyer: Well, it is a pretty large one here.

Commissioner Harlan: Never mind here. I think I have something here which will do.

Mr. Neimeyer: It is pretty large and is in two sections.

Commissioner Harlan: Where is Becker, with relation to your road?

Mr. Neimeyer: It is about a mile from our connection with the St. Louis, Iron Mountain & Southern, possibly not quite a mile. Commissioner Harlan: Your connection with the Iron Mountain

is at Maumelle?

Mr. Neimeyer: No.
Commissioner Harlan: Where is your connection with the

937 Iron Mountain?

Mr. Neimeyer: Well, Becker, I guess.

Commissioner Harlan: Where is Maumelle with reference to Becker?

Mr. Neimeyer: 16 miles west.

Commissioner Harlan: Of Becker?

Mr. Neimeyer: Yes, sir. Commissioner Harlan: What do you call your eastern terminus, Becker or Maumelle?

Mr. Neimeyer: Becker, Ark.

Commissioner Harlan: Becker is your eastern terminus?

Mr. Neimeyer: Becker is our eastern terminus.

Commissioner Harlan: And what is your western terminus?

Mr. Neimeyer: Maumelle.

Commissioner Harlan: I understand now. How far is Becker from Little Rock?

Mr. Neimeyer: Our connection with the Iron Mountain, do I

understand you?

Commissioner Harlan: No, how far is the town of Becker from Little Rock?

Mr. Neimeyer: About three and a half miles.

Commissioner Harlan: A little towards the south and west? 938 Mr. Neimeyer: Yes, sir.

Commissioner Harlan: Your connection with the Iron Mountain is about a mile from Becker?

Mr. Neimeyer: In the neighborhood of a mile. Commissioner Harlan: To the west of Becker?

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: Where is the mill of the lumber company of which you are secretary?

Mr. Neimeyer: It is at Becker, Ark. Commissioner Harlan: What is the name of that mill? Mr. Neimeyer: The A. J. Neimeyer Lumber Company.

Commissioner Harlan: Is it on the tracks of the Iron Mountain?

Mr. Neimeyer: No, sir.

Commissioner Harlan: Have you a sawmill and planing mill? Mr. Neimeyer: Yes, sir.

Commissioner Harlan: Are they within the same enclosure?

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: How far apart? Mr. Neimeyer: About 200 feet.

939 Commissioner Harlan: Which is nearer to the Iron Mountain tracks?

Mr. Neimeyer: The sawmill.

Commissioner Harlan: Is the sawmill on the Little Rock, Maumelle & Western tracks?

Mr. Neimever: Yes, sir.

Commissioner Harlan: Is the planing mill also on that line?

Mr. Neimeyer: Yes, sir. Commissioner Harlan: How far do you think the sawmill is from the Iron Mountain, is it half a mile?

Mr. Neimeyer: Yes; it is between three-quarters of a mile and

a mile.

Commissioner Harlan: That is from the Iron Mountain tracks at Becker?

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: Is there a spur track running from the Iron Mountain track into the sawmill or planing mill?

Mr. Neimeyer: No, sir.

Commissioner Harlan: Where is the junction between the Little Rock, Maumelle & Western and the Iron Mountain, is it 940 near the sawmill?

Mr. Neimeyer: No, it is possibly—our connection tracks where we deliver the cars to the Iron Mountain is about half a mile from the sawmill, I should think.

Commissioner Harlan: Who owns the track from the sawmill

to that interchange track?

Mr. Neimeyer: The Little Rock, Maumelle & Western.

Commissioner Harlan: Mr. Neimeyer, our reports show that the sawmill of the Neimeyer Lumber Company is only an eighth of a mile from the point of connection with the Iron Mountain.

Mr. Neimeyer: Well, I understand where I have gone wrong now is on account of where the spur of the Iron Mountain comes off of the main line and joins our spur; it possibly is only an eighth of a mile.

Commissioner Harlan: Is that the point of interchange?

Mr. Neimeyer: Yes.

Commissioner Harlan: Right at the junction of those two spurs?

Mr. Neimeyer: No, we have a switch and a set out track where we interchange cars.

Commissioner Harlan: Let me ask you in your own way, 941 just to explain the physical conditions there, and the relation of the tracks that lead from your mill to the main line of the Iron Mountain. Just explain it in your own way.

Mr. Mehaffy: Would not your Honor rather he would take

the map and point it out to you there?

Commissioner Harlan: Yes, perhaps that would do. Now this map is entitled Map of located line of Little Rock, Maumelle & Western, and towards the bottom here I see the town of Becker. Is that right?

Mr. Neimeyer: Yes, sir. Here is the main line of the Iron

Mountain (indicating).

Commissioner Harlan: To the right hand of the map.

Mr. Neimeyer: Yes. They maintain a track and there is another industry on this track.

Commissioner Harlan: They maintain a switch track from the

main line passing several industries.

Mr. Neimeyer: To a large brick plant, and the penitentiary, which they serve.

Commissioner Harlan: What is the distance from the main line to the penitentiary?

'Mr. Neimeyer: I would think it is half a mile.

Ommissioner Harlan: From the penitentiary on towards
Becker who owns the track?

Mr. Neimeyer: The Little Rock, Maumelle & Western.

Commissioner Harlan: Indicate your mill,

Mr. Neimeyer: Well, the mill is set right there about (indicating).

Commissioner Harlan: That is in the northeast corner of the square marked "Becker".

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: How far is that from the penitentiary? Mr. Neimeyer: Well, the penitentiary is probably there (indicating).

Commissioner Harlan: Is that a distance of an eighth of a mile?

Mr. Neimeyer: I think so; possibly a little more.

Commissioner Harlan: Who owns the track from the sawmill to the junction of the Iron Mountain spur near the penitentiary?

Mr. Neimeyer: The Little Rock, Maumelle & Western.

Commissioner Harlan: Has that company always owned that spur?

943 Mr. Neimeyer: Yes, sir.

Commissioner Harlan: It was built by the Lumber Company, was it not?

Mr. Neimever: It was not.

Commissioner Harlan: It was built by the railroad company?

Mr. Neimeyer: Yes.

Commissioner Harlan: Was there at any time a spur track there that belonged to the Iron Mountain, leading into your sawmill?

Mr. Neimeyer: No.

Commissioner Harlan: And what is the point of interchange when you have a loaded car which you want delivered to the Iron Mountain, where do you deliver it to them?

Mr. Neimeyer: At an interchange track which is located about

one-eighth of a mile from our sawmill.

Commissioner Harlan: And you will haul it there with your own locomotive?

Mr. Neimever: Yes, sir.

944

Commissioner Harlan: Extending west from the sawmill is the line of the Little Rock. Maumelle & Western?

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: You say it is 16 miles long?

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: What is the character of the roadbed, is it ballasted?

Mr. Neimeyer: It is rock ballasted.

Commissioner Harlan: What rail have you?

Mr. Neimever: 60 pound.

Commissioner Harlan: What equipment have you, I am now re-

ferring to the railroad company?

Mr. Neimeyer: We have one engine, one combination caboose which carries passengers and also carries freight, and we have nine work cars, five flat cars. I think that is the correct number, and one motor car.

Commissioner Harlan: Have you any logging trucks?

Mr. Neimeyer: No. sir.

Commissioner Harlan: What are those trucks?

Mr. Neimeyer: Logging cars.

Commissioner Harlan: Our records refer to them as logging trucks. Do you understand what that means?

Mr. Neimeyer: I do not.

Commissioner Harlan: What use do you make of the 945 motor car?

Mr. Neimever: We use that for private inspection. Commissioner Harlan: Is it a car that runs on rails?

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: Private inspection of what?

Mr. Neimeyer: Of the line. It is also used by the Neimeyer Lumber Company to some extent.

Commissioner Harlan: Is it owned by the railroad company?

Mr. Neimever: Yes, sir.

Commissioner Harlan: What use does the Lumber Company make

of it?

Mr. Neimeyer: Well, if the officers care to go to the woods to look over the work at the end of the line, and the woods operation, they take it to the front.

Commissioner Harlan: Sort of a joy ride car? Mr. Neimeyer: Probably you could call it that.

Commissioner Harlan: Well, is it a passenger car or a freight car, or what sort of a car is it?

Mr. Neimeyer: It is a motor car that could carry about nine

passengers.

Commissioner Harlan: How long has the railroad had that car?

946 Mr. Neimeyer: Ever since the road has been completed out about seven miles.

Commissioner Harlan: How large is the town of Becker? Mr. Neimeyer: Well, I cannot say it has any population at all. from the fact it is a part of Little Rock.

Commissioner Harlan: It is within the corporate limits of Little Rock?

Mr. Neimever: No.

Commissioner Harlan: Well, what is there? Your mill is near there. What else is at the place called Becker? There is a post office?

Mr. Neimeyer: No.

Commissioner Harlan: No post office? Mr. Neimeyer: No; just the mill plant. Commissioner Harlan: It is a mill point?

Mr. Neimeyer: Yes.

Commissioner Harlan: Is that true of Maumelle?

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: Is that a mill point too?

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: Has it a post office?

947 Mr. Neimeyer: No. there is a post office, but it is not on the main line.

Commissioner Harlan: I see on this map that the western terminus of your line is given as Douglass. What is that, is that right?

Mr. Neimeyer: Well, we call it Maumelle.

Commissioner Harlan: Douglass and Maumelle are one and the same point?

Mr. Neimeyer: One and the same point,

Commissioner Harlan: And that has no post office. What is at

Mr. Neimeyer: Nothing there but where we interchange logging

cars with the Little Rock, Maumelle & Western.

Commissioner Harlan: Is there any post office called Douglass post office?

Mr. Neimeyer: Not to my knowledge.

Commissioner Harlan: And no post office called Maumelle post

Mr. Neimeyer: There is one but it is not located on our line or real near it.

Commissioner Harlan: Are Douglass and Maumelle then the same thing?

948 Mr. Neimever: Practically the same thing.

Commissioner Harlan: Is that the local understanding, that there is but one place there, and it is called Douglass or Maumelle, according to the pleasure of the person who speaks of it?

Mr. Neimever: Yes.

Commissioner Harlan: Is there any company store there?

Mr. Neimeyer: No. sir.

Commissioner Harlan: Is there any point or post office between Becker and Maumelle on your line?

Mr. Neimeyer: Carnes, Ark., there is an industry on the Little Rock, Maumelle & Western.

Commissioner Harlan: What is that industry?

Mr. Neimeyer: A little hardwood sawmill. The owner of that sawmill was appointed Postmaster, but I do not think he ever received his commission or did any work.

Commissioner Harlan: That mill is right on your rails?

Mr. Neimeyer: Yes. Commissioner Harlan: Where does it get its hard wood? Mr. Neimeyer: From the Neimeyer Lumber Company

Commissioner Harlan: How does it get the logs into the 949 mill?

Mr. Neimeyer: It is hauled over the Little Rock, Maumella & Western rails at the connecting point.

Commissioner Harlan: As I infer then, you do not carry any mail or express matter?

Mr. Neimeyer: No. sir.

Commissioner Harlan: And you carry no merchandise for any one except this hardwood mill and for the lumber company?

Mr. Neimeyer: We haul merchandise for several parties besides those

Commissioner Harlan: Just tell us who they are and the character of the traffic?

Mr. Neimeyer: We haul from the Greenville Stave Company, who are shipping staves over our line.

Commissioner Harlan: Where is their mill?

Mr. Neimeyer: They have a couple of stave mills three or four miles from the end of our line.

Commissioner Harlan: And right on your line? Mr. Neimeyer: No, sir, no mills right on the line. Commissioner Harlan: Where do they get their logs? Mr. Neimeyer: They own the timber.

950 Commissioner Harlan: How far are their mills from your

Mr. Neimeyer: Three or four miles, something like that.

Commissioner Harlan: They haul the manufactured products by wagon to your line?

Mr. Neimeyer: Yes, sir,

Commissioner Harlan: Do you get a division on that traffic? Mr. Neimeyer: We have a local rate; it is shipped into the City of Little Rock.

Commissioner Harlan: That is a joint rate with the Iron Moun-

tain?

Mr. Neimeyer: No. sir; it is not shipped over the Iron Mountain They have a switching charge and switch it to their plant, which is in Little Rock.

Commissioner Harlan: And the Iron Mountain has a switching

charge from Becker to Little Rock?

Mr. Neimever: Yes. sir.

Commissioner Harlan: Do you make any allowance to them out of your local rate?

Mr. Neimeyer: No.

951 Commissioner Harlan: You say at Maumelle your line joins the logging road of the Neimeyer Lumber Company?

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: What is the extent of that road, how long is it?

Mr. Neimever: The logging road?

Commissioner Harlan: Yes.

Mr. Neimeyer: In the neighborhood of ten miles.

Commissioner Harlan: Does it run into forest belonging to the lumber company?

Mr. Neimeyer: It does. Commissioner Harlan: Who operates that line? Mr. Neimeyer: The A. J. Neimeyer Company. Commissioner Harlan: Have they an engine?

Mr. Neimeyer: Three of them.

Commissioner Harlan: How many logging cars?

Mr. Neimeyer: Seventy, I think.

Commissioner Harlan: Do those logging cars run over your rails?

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: And are hauled by those locomotives?

952 Mr. Neimeyer: The Little Rock, Maumelle & Western.
Commissioner Harlan: Do you get any traffic over that
logging road except such as belongs to the Neimeyer Lumber Company?

Mr. Neimeyer: We do not.

Commissioner Harlan: What is your yearly tonnage, what was your tonnage for the last fiscal year from all sources?

Mr. Neimeyer: Our traffic manager will give you that informa-

tion.

Commissioner Harlan: What is the capital stock of your road?

Mr. Neimeyer: \$250,000. authorized.

Commissioner Harlan: And when was it organized?

Mr. Neimeyer: 1907.

Commissioner Harlan: What was the issue of capital stock?

Mr. Neimeyer: \$160,000.

Commissioner Harlan: Was that issued for cash or property or partly both?

Mr. Neimeyer: I did not understand your question.

Commissioner Harlan: Was that capital stock issued for cash paid in to the railroad company, or for property turned over to the railroad company?

Mr. Neimeyer: It was for construction work.

Commissioner Harlan: Well, I will put the question in a little different way. Who built the line of the Little Rock, Maumelle & Western, was it built by the railroad company or the lumber company?

Mr. Neimeyer: The railroad company.

Commissioner Harlan: Who furnished the money to do the work?

Mr. Neimeyer: There are bonds out to the amount of \$160,000, and there is about \$28,000 of that amount in the treasury, and borrowed money.

Commissioner Harlan: In addition to \$160,000 of bonds, have

you issued some stock?

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: To the extent of-

Mr. Neimeyer: \$160,000.

Commissioner Harlan: What was the cost of the line? Mr. Neimeyer: In the neighborhood of \$20,000 a mile.

Commissioner Harlan: That is, it cost about \$320,000 all told?

954 Mr. Neimeyer: Yes, sir.

Commissioner Harlan: And it was paid for by an issue of \$160,000 of bonds and a like amount of stock?

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: And that included the cost of the equipment?

Mr. Neimeyer: No, sir.

Commissioner Harlan: How much did the equipment cost?

Mr. Neimeyer: I do not know the figures; I guess I can get that
for you.

Commissioner Harlan: You are sure that did not include the cost of equipment?

Mr. Neimeyer: I think not.

Commissioner Harlan: Have you your annual report there?

Mr. Neimeyer: No, our traffic manager has it.

Commissioner Harlan: Mr. Neimeyer, who are the officers of the

railroad company?

Mr. Neimeyer: A. J. Neimeyer is the President, E. B. Kinsworthy is Vice President, H. B. Becker, Secretary, Frank Neimeyer, Treasurer, G. W. Smith, Traffic Manager, C. J. Trowbridge, Auditor.

Commissioner Harlan: Are they all connected officially

955 with the lumber company?

Mr. Neimeyer: No.

Commissioner Harlan: Who are the officers of the lumber com-

pany?

Mr. Neimeyer: A. J. Neimeyer, President, C. A. Antrim, Vice President, Frank Neimeyer, Secretary, and H. C. Becker, Treasurer.

Commissioner Harlan: In a general way, without going into the details of the ownership of the stock of these two companies, is the railroad company owned practically by the stockholders of the lumber company?

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: It is practically an identical investment by the same people?

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: The lumber company and the railroad company?

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: What is the tonnage that you get from this hardwood mill at Carnes annually?

Mr. Neimeyer: I could not give you that figure. Possibly our traffic manager can.

956 Commissioner Harlan: You cannot give it exactly, but can you give it in round numbers?

Mr. Neimeyer: No, I cannot.

Commissioner Harlan: Do you know the tonnage of the stave mill further along on the line?

Mr. Neimeyer: No, I am not familiar with it. Commissioner Harlan: It is small, is it not?

Mr. Neimeyer: Well, it is considerable.

Mr. Mehaffy: I think the traffic man can give that.

Commissioner Harlan: Will you be kind enough to give those figures now, by your traffic manager.

Mr. Smith: I am figuring it up.

Commissioner Harlan: Does the railroad pay any dividends on its stock?

Mr. Neimeyer: It does not.

Commissioner Harlan: Who owns the bonds? Mr. Neimeyer: They are held by individuals. Commissioner Harlan: In the lumber company?

Mr. Neimeyer: Some of them.

Commissioner Harlan: Well, a great majority of them?
Mr. Neimeyer: Well, I think so.

957 Commissioner Harlan: What is the rate of interest on the bonds?

Mr. Neimeyer: Six per cent.

Commissioner Harlan: Do you know when this road was built from Becker to Maumelle?

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: When was its construction first actually started and by whom?

Mr. Neimeyer: The fall of 1907.

Commissioner Harlan: You are now referring to the present rail

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: Was there a logging line there before the railroad was built?

Mr. Neimeyer: No.

Commissioner Harlan: It was a virgin forest country?

Mr. Neimeyer: Yes, sir. Let me correct that statement. fall of 1906.

Commissioner Harlan: And was it constructed right through to Maumelle or partially built and operated and then later ex-958 tended?

Mr. Neimeyer: Partially built and operated, and then extended.

Commissioner Harlan: What was the mileage of the first portion that was constructed?

Mr. Neimeyer: Seven miles.

Mr. Harlan: Was there any logging done on that seven miles of railroad?

Mr. Neimeyer: On the main line? Commissioner Harlan: Yes.

Mr. Neimeyer: A small amount.

Commissioner Harlan: Who did that logging?

Mr. Neimeyer: The A. J. Neimeyer Lumber Company. Commissioner Harlan: Did they own the lands immediately

around the seven mile track? Mr. Neimeyer: A little of it, that is through the land that the

track does run? Commissioner Harlan: Yes.

Mr. Neimeyer: Very little of it.

Commissioner Harlan: Their ownership was at the west end of the track?

Mr. Neimeyer: Yes.

959 Commissioner Harlan: How long did it take them to clean up that lumber?

Mr. Neimeyer: About a year.

Commissioner Harlan: Did they have a logging road then connecting it?

Mr. Neimeyer: Yes. sir.

Commissioner Harlan: Was that logging road about on the right of way of the present extension to Maumelle?

Mr. Neimeyer: No, sir, it was not on the right of way.

Commissioner Harlan: It ran at right angles?

Mr. Neimeyer: Yes, sir. Commissioner Harlan: Then after you got that cleaned up, you extended the line to Maumelle?

Mr. Neimever: Extended it to Carnes.

Commissioner Harlan: When was that extension?

Mr. Neimeyer: In 1907 sometime.

Commissioner Harlan: In making that extension did you run through any timber that belonged to the Neimeyer Lumber Company?

Mr. Neimeyer: A small amount.

Commissioner Harlan: And that was taken off, was it?

960 Mr. Neimever: Yes, sir.

Commissioner Harlan: Did you lay a new logging road?

Mr. Neimeyer: We did.

Commissioner Harlan: Is that to the north or south of the regular road?

Mr. Neimeyer: Both sides.

Commissioner Harlan: How long were those logging roads?

Mr. Neimeyer: The longest spur up to this point I think was about four to five miles.

Commissioner Harlan: And those spurs were all operated by the lumber company and not by the railroad?

Mr. Neimeyer: Yes, sir. Commissioner Harlan: Did they at that time have equipment and operate it?

Mr. Neimeyer: The lumber company?

Commissioner Harlan: Yes.

Mr. Neimever: Yes, sir.

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Commissioned Harlan: When those spurs were taken up, who did it?

Mr. Neimeyer: The lumber company.

Commissioner Harlan: The railroad company had no expense of moving those spurs?

Mr. Neimeyer: Not in the least.

Commissioner Harlan: When did you extend your line from Carnes to Maumelle?

Mr. Neimeyer: We began in the fall of 1907 and finished in 1908 some time.

Commissioner Harlan: And the lumber company connected the logging roads with your tracks, did it?

Mr. Neimever: Yes, sir.

Commissioner Harlan: How many logging roads did it have between Carnes and Maumelle?

Mr. Neimever: Between Carnes and Maumelle?

Commissioner Harlan: Yes, at any time since that extension was made?

Mr. Neimeyer: None at all between Carnes and Maumelle,

Commissioner Harlan: The only logging road connected with it is at Maumelle?

Mr. Neimeyer: At the present time.

Commissioner Harlan: And that comes in from the southwest? Mr. Neimeyer: Northwest.

Commissioner Harlan: And that is the only logging road that has joined that extension from Carnes at any time?

969 Mr. Neimever: Yes. sir.

Commissioner Harlan: Has the railroad company at any time received traffic from any of these logging roads belonging to any one other than the Neimeyer Lumber Company? Mr. Neimeyer: I think not.

Commissioner Harlan: Is the woods of your lumber company largely pine?

Mr. Neimeyer: Pine and oak.

Commissioner Harlan: Does it market the oak itself?

Mr. Neimeyer: It does.

Commissioner Harlan: The hardwood mill at Carnes does not ex haust your oak timber at all?

Mr. Neimeyer: No, we have another industry that we sell a certain class of our oak to.

Commissioner Harlan: You have another mill? Mr. Neimeyer: It is owned by outside parties.

Commissioner Harlan: Haven't you two mills at Becker?

Mr. Neimeyer: No, sir. The Clark & Gay Manufacturing Company is located at Becker.

Commissioner Harlan: Have you any mill at Maumelle?

Mr. Neimeyer: No, sir.

Commissioner Harlan: Is there any mill there? 963 Mr. Neimever: No.

Commissioner Harlan: Is there any mill at the point called Douglass?

Mr. Neimeyer: No, sir.

Commissioner Harlan: Has the lumber company ever had a mill at Douglass or Maumelle?

Mr. Neimever: No. sir.

Commissioner Harlan: Has there been a mill there?

Mr. Neimeyer: Not to my knowledge.

Commissioner Harlan: The lumber of this lumber company goes into the general market, does it not, and competes with all this pine lumber from this region?

Mr. Neimeyer: Yes, sir.

Commissioner Harian: Where is most of it shipped to? Mr. Neimeyer: Do you want me to give you the states?

Commissioner Harlan: Well, in a general way.

Mr. Neimeyer: Missouri and Mississippi River points. Commissioner Harlan: Do you go as far east as Chicago?

Mr. Neimeyer: Oh, yes, sir.

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Commissioner Harlan: How much farther east?

Mr. Neimeyer: We ship into Massachusetts some. Commissione: Harlan: The bulk of your shipments go east of the Mississippi River?

Mr. Neimeyer: No, sir.

Commissioner Harlan: Do you ship to the west at all, or to the south?

Mr. Neimeyer: We ship to the west. Not to the south.

Commissioner Harlan: Where does the main volume of your traffic go, east or west?

Mr. Neimeyer: I would say north, Oklahoma, Kansas, Nebraska,

Iowa, Missouri and Illinois.

Commissioner Harlan: And as far east as Massachusetts?

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: In competition with all the rest of this lumber?

Mr. Neimeyer: Yes.

Commissioner Harlan: Have you through rates to all those points?

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: And what division do you get?

Mr. Neimeyer: I will be glad to have the traffic manager answer those questions for you.

Commissioner Harlan: Can you now give us the volume of traffic from that hardwood mill at Carnes during the last fiscal year?

Mr. Smith: A little over 7,000 tons.

Commissioner Harlan: From the hardwood mills?

Mr. Smith: Yes, sir.

Commissioner Harlan: And from the two stave mills farther west?

Mr. Smith: About 300 tons.

Commissioner Harlan: And what was your total tonnage during that same fiscal year?

Mr. Smith: 105,194 tons.

Commissioner Harlan: You file your annual reports with the Interstate Commerce Commission, and your concurrences?

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: And keep your accounts as prescribed by the Commission?

Mr. Neimever: Yes, sir.

Commissioner Harlan: Where is the general office of your railroad?

Mr. Neimeyer: Becker, Ark. 966

Commissioner Harlan: Is it in the office of the lumber company?

Mr. Neimeyer: No.

Commissioner Harlan: Have you a freight station there?

Mr. Neimever: No.

Commissioner Harlan: Have you a freight station anywhere on your line?

Mr. Neimeyer: No, sir. Commissioner Harlan: You have a separate office building? Mr. Neimeyer: Yes, sir.

Commissioner Harlan: What sort of a building is it? Mr. Neimeyer: Well, it is an ordinary wooden structure.

Commissioner Harlan: And all the records of the company are kept there?

Mr. Neimeyer: Yes, sir, all but the general ledger.

Commissioner Harlan: How many employés have you there stationed regularly?

Mr. Neimeyer: We have our traffic manager.

Commissioner Harlan: Does he do any business for the lumber

967 Mr. Neimeyer: He does not.

Commissioner Harlan: How many men have you in your track and train crews?

Mr. Neimeyer: He will answer all those questions. I think I can give them to you approximately.

Commissioner Harlan: That will do.

Mr. Neimeyer: Ten in the track crew, and four men in the train service.

Commissioner Harlan: You receive the logging train at the junction at Maumelle?

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: Your locomotives do not go out on the logging lines?

Mr. Neimeyer: No, only occasionally for repairs.

Commissioner Harlan: Is there a repair shop out on the ogging line?

Mr. Neimeyer: We have a repair shop, yes, sir.

Commissioner Harlan: Who does the repairs, the lumber company?

Mr. Neimeyer: To what?

Commissioner Harlan: To the locomotives.

Mr. Neimeyer: Who-locomotives?

Commissioner Harlan: My inquiry was whether 968 railroad locomotives go out on the logging line? Mr. Neimeyer: No.

Commissioner Harlan: And you said they do occasionally. that a mistake?

Mr. Neimeyer: No, sir, that was a mistake.

Commissioner Harlan: Do the lumber company's locomotives come in to your lines?

Mr. Neimeyer: Occasionally, for repairs,

Commissioner Harlan: Where is your repair shop?

Mr. Neimeyer: At Becker, the principal shop.

Commissioner Harlan: You do the repairs for the lumber com-

Mr. Neimeyer: No, the lumber company does the repairs for the railroad company.

Commissioner Harlan: Then the repair shop belongs to the lumber company and is at the mill?

Mr. Neimeyer: Yes: sir.

Commissioner Harlan: Does the lumber company make any charge against the railroad company?

Mr. Neimever: It does.

969 Commissioner Harlan: Does the railroad company unload the logs at the pond?

Mr. Neimeyer: They help; both companies participate in that

unloading.

Commissioner Harlan: The saw mill employés come out and help the railroad employes do the unloading?

Mr. Neimeyer: Yes, sir,-not the sawmill employés, what we

call the car men who keep the cars in repair.

Commissioner Harlan: By whom are those men paid?

Mr. Neimeyer. The Neimeyer Lumber Company, for what work they perform for them.

Commissioner Harlan: What division do you get from the Iron

Mountain, or is it the Rock Island?

Mr. Neimeyer: Mr. Smith will answer that.

Mr. Smith: Here is our sheet (handing paper).

Commissioner Harlan: Your connection at Becker is the Iron Mountain, is it?

Mr. Neimever: Yes, sir.

Commissioner Harlan: Do you also reach the rails of the Rock Island?

Mr. Neimeyer: We do not, only by switch.

970 Commissioner Harlan: To whom does that switch belong? Mr. Neimeyer: We reach it only by a switching charge to

the Iron Mountain; there is no connection.

Examiner Burchmore: The cost of construction of the Little Rock, Maumelle & Western Railroad approximated \$20,000 per mile, you stated?

Mr. Neimeyer: Yes.

Examiner Burchmore: That seems to be rather high cost for construction. What is the character of this country?

Mr. Neimeyer: It is very hilly and rocky.

Examiner Burchmore: Is this line laid over those hills, or did

you make cuts? Mr. Neimeyer: No, sir; we made cuts and fills. We have 971 a profile here of it, if you would like to see it.

Mr. Mehaffy: He has a profile from which you can get a pretty

good idea about the line.

Mr. Neimeyer: There are one or two cuts which cost us \$5,000 to make them, for a very short distance.

Examiner Burchmore: Do you cross any streams?

Mr. Neimeyer: Yes, sir.

Examiner Burchmore: How many bridges have you?

Mr. Neimeyer: I could not give you the number offhand. are quite a number of them, a large number of them.

Commissioner Harlan: Is this an original document?

Mr. Neimeyer: Yes, sir, it is our located lines.

Examiner Harlan: I mean to say, have you other copies of this?

Mr. Neimeyer: I think we have, but that is-

Commissioner Harlan: If there is no objection I would like to have this attached to the record.

Mr. Mehaffy: If there is no other copy, we will have one made. Mr. Neimeyer: We will have one made, but I am sure there-

972 (The paper so offered and identified was received in evidence and thereupon marked Little Rock, Maumelle & Western Railroad Exhibit No. 1, witness Neimeyer, received in evidence December 12, 1910, and is attached hereto.)

Examiner Burchmore: The mileage is 16 miles?

Mr. Neimeyer: Yes, sir.

Examiner Burchmore: Stock to the amount of \$160,000 has been issued and outstanding. Was that sold for eash?

Mr. Neimeyer: No. sir.

Examiner Burchmore: Was it issued as a bonus with the bonds? Mr. Neimeyer: Well, it was issued for construction work done by

a construction company, in payment.

Commissioner Harlan: Mr. Neimeyer, I wish you would explain that very fully. I put you the inquiry as to the cost of this road, and understood you to say that it cost \$20,000 in actual cash laid out, per mile. Now, I wish you would state whether or not that is the fact.

Mr. Neimeyer: Well, there was other money in this work besides

Commissioner Harlan: Explain in your own way the full actails of that financial transaction. 973 Mr. Neimeyer: There were bonds sold to the amount of

\$131,500 for which we received cash, and there was in the neighborhood of \$200,000 of borrowed money, which we still owe.

Commissioner Harlan: Now, you mean by that that about \$330,000 of actual cash was expended in the construction of that

Mr. Neimever: Yes, sir.

Commissioner Harlan: And why was the stock issued? I understand why the bonds were issued, because you borrowed \$130,000 of money on those bonds. Now, you say you owe on notes or otherwise, some \$200,000 more. Nevertheless you have got an issue of stock outstanding. You do not borrow money on stock ordinarily, although you may have done it in this case, but we want to know just how that stock was issued.

Mr. Neimeyer: It was issued to the construction company for work

in building this line.

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Commissioner Harlan: Let us see; you got some money on your bonds, \$130,000. Then you borrowed \$200,000, and you still owe that?

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: Then you must have issued the stock to the construction company as a bonus; is not that it? Mr. Neimever! That is correct.

Commissioner Harlan: Now, who composed the construction company? In the first place, tell us what the name of the construction company was.

Mr. Neimeyer: Becker Construction Company.

Commissioner Harlan: Named after the town of Becker?

Mr. Neimeyer: Named after an individual, one of our stock-holders.

Commissioner Harlan: And the town was named after him?

Mr. Neimeyer: Yes.

Commissioner Harlan: Was he interested in the lumber company?

Mr. Neimever: He was,

Commissioner Harlan: Then is it not a fact the construction company was practically the lumber company?

Mr. Neimeyer: Well, I guess so.

Commissioner Harlan: Well, that is my understanding of the meaning of it all.

Mr. Neimever: I think so.

Commissioner Harlan: So that the lumber company and the construction company and the railroad company are practically one and the same interests?

Mr. Neimever: Yes, sir.

Commissioner Harlan: Then when you said that the railroad cost \$20,000 a mile, as I understand it, you meant to be understood not as indicating that it cost in actual dollars and cents so much, but only that that was the face of the transaction between these three companies?

Mr. Neimeyer: I didn't quite get that question.

Commissioner Harlan: Well, I put it in a little different way. I understood you to say that \$160,000 of bonds were owned by the people that are interested in the lumber company.

Mr. Neimeyer: Not all of them.

Commissioner Harlan: Not all of them, but practically the entire issue is owned by those people?

Mr. Neimever: Yes, sir.

Commissioner Harlan: From whom did you borrow the \$200,000? Mr. Neimeyer: We borrowed \$66,000 from Mr. Charles Becker.

Commissioner Harlan: That leaves \$134,000.

Mr. Neimeyer: The other two amounts were borrowed from the Saginaw Lumber Company and the Monarch Lumber Company.

976 Commissioner Harlan: Now, we want to get at all these facts, and I wish you would facilitate the examination as much as you can, and I know you will. Who owns the A. J. Neimeyer Lumber Company? I do not mean the stockholders, but what investment interest owns that company? Is it not controlled by what is generally referred to as the A. J. Neimeyer interests of St. Louis?

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: And they own and control the Neimever

Lumber Company and the Little Rock, Maumelle & Western Railroad Company and the Saginaw Lumber Company?

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: And the Saginaw & Ouachita River Rail-

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: So that this entire capital was furnished by practically the one financial interest?

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: I put you the question again: what did the railroad cost a mile in actual cash? Now, I do not mean cash paid to the construction company, but I mean in actual outlay.

Mr. Neimeyer: Well, I think I gave you that figure of \$20,000: I think that is actual cash, if I am not mistaken. Commissioner Harlan: Well, you are in a position to know about those things, are you not?

Mr. Neimeyer: I should be.

Commissioner Harlan: You mean to be understood as saying that that actual sum of money went into the construction of this road as those words ought to be understood?

Mr. Neimeyer: Yes, sir,

Examiner Burchmore: Who owns the right of way on which this road was laid?

Mr. Neimeyer: The Little Rock, Maumelle & Western.

Examiner Burchmore: The railroad owns the right of way? Mr. Neimeyer: Yes, sir.

Examiner Burchmore: How did it acquire that right of way? Mr. Neimeyer: Part of it was donated, part of it was paid for and part of it was condemned.

Examiner Burchmore: How much of it was donated? Mr. Neimeyer: I could not tell you the exact amount.

Examiner Burchmore: Five miles, ten miles? Mr. Neimeyer: No. I think not so much as that. I could not give you the figures.

Examiner Burchmore: By whom was it donated?

Mr. Neimeyer: By individuals who owned the and the road passed over.

Examiner Burchmore: By individuals interested in the lumber company?

Mr. Neimeyer: No.

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Examiner Burchmore: How much of the road was purchased, how much of the right of way?

Mr. Neimeyer: I could not give you those figures.

Examiner Burchmore: About how much?

Mr. Neimeyer: I suppose ten or twelve miles of it; probably

Examiner Burchmore: From whom was it purchased?

Mr. Neimeyer: From the owners of the land that it passed over. Examiner Burchmore: Were those owners interested in the lumber companies?

Mr. Neimeyer: In no way unless as to what part crossed the

Neimeyer Lumber Company's lands.

Examiner Burchmore: How much of that purchased right of way crossed the Neimeyer Lumber Company's land, a substantial portion?

Mr. Neimeyer: No, sir.

979 Examiner Burchmore: Did the railroad company pay to the Neimeyer Lumber Company or to the interests that composed that Neimeyer Lumber Company any sum of money for right of way and land?

Mr. Neimeyer: They did not.

Examiner Burchmore: Did they issue stock in exchange for right of way land?

Mr. Neimeyer: They did not.

Examiner Burchmore: What rate of interest is paid on this \$200,000 debt represented by notes?

Mr. Neimeyer: Six per cent.

Examiner Burchmore: Has that interest actually been paid?

Mr. Neimeyer: Yes, sir. Possibly not all of it, but the larger portion of it.

Examiner Burchmore: Has the railroad company paid any dividends on stock?

Mr. Neimeyer: No, sir.

Examiner Burchmore: The reports to the Commission seem to indicate that the revenue for the last fiscal year was \$12,657.90, and the operating expenses \$5,993.34, leaving a net earning of \$6,664.56

from operation. What disposition was made of this net in-

980 come from operation of \$6,664.56, if you know?

Mr. Neimeyer: I do not know.

Examiner Burchmore: It was used to pay interest on this indebtedness?

Mr. Neimever: Yes, sir.

Examiner Burchmore: And on the bonds?

Mr. Neimever: Yes, sir.

Examiner Burchmore: And when that interest on notes and bonds was paid, there was a deficit?

Mr. Neimeyer: I am not familiar with those figures.

Examiner Burchmore: What salaries are paid to the general officers of the railroad company?

Mr. Neimeyer: A. J. Neimeyer receives \$200 a month.

Examiner Burchmore: Does he perform any actual labor in exchange for that salary?

Mr. Neimeyer: He is the general manager.

Examiner Burchmore: What portion of his time is devoted to railroad affairs?

Mr. Neimeyer: A small part of it.

Examiner Burchmore: Is that salary in substantial proportion to his salary from the lumber company?

Mr. Neimeyer: Yes, sir.

981 Examiner Burchmore: Does any other officer of the railroad company receive a salary? Mr. Neimeyer: Yes, sir.

Examiner Burchmore: What officers?

Mr. Neimeyer: The treasurer and secretary and traffic manager. Examiner Burchmore: What do those salaries aggregate?

Mr. Neimeyer: I could not give you the figures.

Examiner Burchmore: Can you state the salaries from the rail-

road company in amount?

Mr. Neimeyer: The secretary, \$50 a month, I think; the treasurer is \$25 I know. The traffic manager—do you mean the officers of the lumber company who receive salaries from the railroad com-

Examiner Burchmore: Yes. Mr. Neimeyer: That is all.

Examiner Burchmore: \$275 a month is paid to the general officer-

of the railroad company as salaries.

Mr. Neimeyer: Yes, sir; that are officers of the Neimeyer Lumber Company,

Examiner Burchmore: Any other officers of the railroad 982 company that are not officers of the lumber company that receive salaries?

Mr. Neimever: Yes.

Examiner Burchmore: What officer is that?

Mr. Neimever: The traffic manager.

Examiner Burchmore: Does the traffic manager perform any service for the lumber company? Mr. Neimever: No.

Examiner Burchmore: Receives no salary from the lumber company?

Mr. Neimeyer: No.

Examiner Burchmore: What service does the traffic manager render to the railroad company?

Mr. Neimeyer: He operates the road.

Examiner Burchmore: He is general superintendent?

Mr. Neimeyer: Yes,

Examiner Burchmore: Devotes his entire time to the railroad business?

Mr. Neimever: Yes.

Examiner Burchmore: Is he a stockholder in this lumber company? 983

Mr. Neimeyer: He is not.

Examiner Burchmore: What was the total cost of the equipment of this road?

Mr. Neimeyer: I could not give you those figures.

Examiner Burchmore: Where was the money obtained for the purchase of the equipment?

Mr. Neimeyer: It was purchased from these moneys they borrowed, and on the bonds.

Examiner Burchmore: There was \$160,000 obtained from the sale of bonds, and \$200,000-

Mr. Neimeyer: No. sir: \$131,500 from the sale of bonds, I think was the figure.

Examiner Burchmore: \$200,000 obtained on notes, making \$331,500 in money that was raised for the financing of this railroad?

Mr. Neimeyer: Yes.

Examiner Burchmore: You stated the cost of the road was \$20,000 a mile, which for 16 miles, would be \$320,000, leaving a remainder of \$11,000, as I figure it.

Mr. Neimeyer: Yes, sir; something like that.

Examiner Burchmore: Did that \$11,000 cover the cost of this locomotive, combination passenger coach, motor car, 14 freight

cars, and the rest of the equipment?

984 Mr. Neimeyer: It would not miss it very far. Of course \$20,000 might not be the exact figure, but it is near it. The locomotive is a second hand locomotive, which we bought we think, very cheap, and the cars were all second hand.

Examiner Burchmore: You stated there are ten men engaged in

track work for the railroad company.

Mr. Neimeyer: Ten most of the time, and sometimes as high

as 20.

Examiner Burchmore: Do those men put any part of their time in repairing, maintaining or changing the tracks of the lumber company?

Mr. Neimeyer: Only the switches at the mill that belong to the

lumber company, which their engines use.

Examiner Burchmore: The trackmen of the railroad company perform no service for the lumber company.

Mr. Neimever: No, sir.

Examiner Burchmore: The Little Rock, Maumelle & Western carry passengers?

Mr. Neimeyer: It does.

Examiner Burchmore: Does it receive revenue from those passengers?

Mr. Niemeyer: Yes.

985 Examiner Burchmore: Are tickets sold for transportation?

Mr. Neimeyer: No.

Examiner Burchmore: Cash fares are collected on the train?

Mr. Niemeyer: Cash fares are collected on the train.

Examiner Burchmore: How many trains per day are run over this railroad?

Mr. Neimeyer: Two round trips.

Examiner Burchmore: Under regular schedule?

Mr. Neimeyer: Yes.

Examiner Burchmore: Do those trains make connections with the trains of other railroads?

Mr. Neimeyer: The logging road.

Examiner Burchmore: They make no connection with the Iron Mountain trains?

Mr. Neimeyer: No.

Examiner Burchmore: Does your railroad company have any trackage rights over the Iron Mountain?

Mr. Neimeyer: No. not to my knowledge.

Examiner Burchmore: It does not operate its engines or trains over the Iron Mountain tracks?

Mr. Neimeyer: No.

Examiner Burchmore: On examining these maps of your line from Carnes to Douglas and from Becker to Carnes, I 986 note one or two tracts of land belonging to the St. Louis, Iron Mountain & Southern, apparently.

Mr. Neimeyer: I think those belong to the Neimeyer Lumber Company, as the entire tract was purchased from the St. Louis, Iron

Mountain & Southern Railway.

Commissioner Harlan: When was that purchase made?

Mr. Neimeyer: In 1904.

Examiner Burchmore: Are any of the officers of the Iron Mountain Railroad interested in the Neimeyer Lumber Company? Mr. Neimeyer: They are not.

Examiner Burchmore: Are any of them interested in this railroad company?

Mr. Neimeyer: No.

Examiner Burchmore: Is the St. Louis, Iron Mountain & Southern interested in either the railroad company or lumber company?

Examiner Burchmore: Who furnished the steel for the tracks of

this railroad company?

Mr. Neimeyer: Four miles of it was bought from the St. Louis. Iron Mountain & Southern. First it was leased and after-987 ward purchased.

Examiner Burchmore: The rail was leased off the ground?

Mr. Neimeyer: Yes.

Examiner Burchmore: Not laid?

Mr. Neimeyer: No, and the balance was purchased in the market. Examiner Burchmore: On what basis was that rail leased originally, on a percentage of its value or how?

Mr. Neimeyer: Yes, sir.

Examiner Burchmore: What was that percentage?

Mr. Neimeyer: Six per cent, I think.

Examiner Burchmore: Of what valuation; that is the regular market price?

Mr. Neimeyer: Yes, sir. I do not know the figures, I have not got those with me.

Examiner Burchmore: Well, describe that valuation of the rail.

Mr. Neimeyer: Per ton?

Examiner Burchmore: Was it supposed to be the market value of rail in Little Rock or the market value of rail in the rolling mills? Mr. Neimeyer: The market value of relaying rail at Little 988 Rock.

Examiner Burchmore: Was that second hand rail?

Mr. Neimeyer: Yes, sir. Examiner Burchmore: When was that rail purchased, that four miles of rail?

Mr. Neimeyer: I do not know the exact date.

Examiner Burchmore: About when?

Mr. Neimeyer: Our traffic manager can answer that question.

Examiner Burchmore: Was it purchased at the same price as the rent that had previously been estimated on?

Mr. Neimeyer: He probably can answer that question.

Examiner Burchmore: Are you familiar with the rates and divisions of those rates?

Mr. Neimeyer: No, sir, only in a general way.

Examiner Burchmore: Is not the hard wood mill which you referred to as being located at Carnes owned by the Neimeyer Lumber Company?

Mr. Neimeyer: It is not.

Examiner Burchmore: Who does own it?

Mr. Neimeyer: A. C. McCarley.

Examiner Burchmore: Was it formerly owned by the Neimeyer Lumber Company?

989 Mr. Neimeyer: No.

Examiner Burchmore: Was it formerly owned by any stockholders of the Neimeyer Lumber Company?

Mr. Neimever: No.

Examiner Burchmore: Is there any direct or indirect relation between A. C. McCarley and the Neimeyer interests?

Mr. Neimeyer: No.

Examiner Burchmore: The stave mills located farther west on the line, are they owned by the Neimeyer interests?

Mr. Neimeyer: No.

Examiner Burchmore: By A. C. McCarley?

Mr. Neimeyer: No.

Examiner Burchmore: Who does own them? Mr. Neimeyer: The Greenville Stave Company.

Examiner Burchmore: Any relation between the Greenville Stave Company or its stockholders and the Neimeyer interests?

Mr. Neimeyer: None at all.

Examiner Burchmore: Do those stave mill owners hold any stock in this railroad?

Mr. Neimeyer: No, sir.

Examiner Burchmore: Our reports of examinations made of your company indicate that the hard wood mill was located 990 eleven miles from the junction point at a place known as Douglas, and not referred to on the reports as Carnes.

Mr. Mehaffy: That is not Carnes, that is Maumelle. Douglas and Maumelle are the same, and Carnes is a different place.

Examiner Burchmore: Douglas and Maumelle are 16 miles from Becker.

Mr. Neimever: Yes:

Examiner Burchmore: Carnes is eleven miles from Becker. This seems to indicate that the hard wood mill, eleven miles from Becker, was owned by the Neimeyer Lumber Company, such information having apparently been furnished by officers of the railroad company. Is that incorrect?

Mr. Neimeyer: It is incorrect. Mr. McCarley owns the mill. Examiner Burchmore: Does he own any stock in the railroad company?

Mr. Neimeyer: No.

Examiner Burchmore: In the Neimeyer Lumber Company?

Mr. Neimeyer: No, sir.

Commissioner Harlan: That mill is not operated directly or indirectly for the Neimeyer interests?

Mr. Neimeyer: The logs are furnished by the Neimeyer

991 Lumber Company.

Commissioner Harlan: That is all?

Mr. Neimeyer: Yes, sir; and he charges them so much per thousand. They are not sold to him; the lumber belongs to the Neimeyer Lumber Company. He charges \$3.00 per thousand for sawing that oak timber into lumber.

Commissioner Harlan: And the lumber thus manufactured is

marketed by the Neimeyer Lumber Company?

Mr. Neimeyer: Yes, sir; it is the property of the Neimeyer Lumber Company.

Commissioner Harlan: But the stave mills use their own product? Mr. Neimever: Yes.

Examiner Burchmore: The reports to the Commission seem to indicate, as I stated a moment ago, operating expenses for the fiscal year of 5993.34. Is that the correct figure as you remember it?

Mr. Neimeyer: No, sir; I do not remember it.

Examiner Burchmore: What is the total operating expenses per annum?

Mr. Neimeyer: I could not give you those figures. Our traffic manager will give them to you.

Examiner Burchmore: Have you a copy of the annual report

999 Mr. Neimeyer: Our traffic manager has it.

Commissioner Harlan: Have you some questions to put

to this witness?

Mr. Mehaffy: Yes, but would you like to take up the Saginaw & Ouachita River? He is the same witness we will use there. Commissioner Harlan: We will go through the examination first

993 Mr. Mehaffy: Do you know, Mr. Neimeyer, which corporation was organized first, the lumber company or the Little Rock, Maumelle & Western?

Mr. Neimeyer: The lumber company.

Mr. Mehaffy: It was some time near the same time, the building of the two?

Mr. Neimeyer: No, sir; the Neimeyer Lumber Company was incorporated in 1904 and the railroad company in 1907.

Mr. Mehaffy: I believe that you have already stated that your right of way not only belonged to the railway company but that it was acquired by donation, purchase and condemnation? Mr. Neimeyer: Yes, sir.

Mr. Mehaffy: Has the railroad company actually condemned right of way there in the courts of Arkansas? Mr. Neimeyer: It has.

Mr. Mehaffy: Does the railroad company charge the Neimeyer

Lumber Company the same rates for services performed for it that it does these other industries on its line?

Mr. Neimeyer: It does.

Mr. Mehaffy: Were these industries on the line of the railroad put there after the road was built?

Mr. Neimeyer: Yes, sir. 994

Mr. Mehaffy: Have they any other means of transportation except to haul it to the Iron Mountain or the Rock Island?

Mr. Neimeyer: They have not.

Commissioner Harlan: Let me interrupt just a moment at that point. From this map I see that your railroad runs substantially parallel to a branch of the Rock Island out of Little Rock. Do you know how far apart the two lines are?

Mr. Neimeyer: The railroad line and the Rock Island?

Commissioner Harland: Yes.

Mr. Neimeyer: Well, I think that they run parallel there a distance of seven miles at least.

Mr. Mehaffy: Becker is really and practically part of Little Rock,

is it not?

Mr. Neimeyer: Yes, sir.

Mr. Mehaffy: And you were asked about a post office there. The mail addressed there is addressed to Little Rock?

Mr. Neimeyer: Yes, sir,

Mr. Mehaffy: There are quite a number of stock holders in the railroad company that are not interested in any way at all in the lumber company, are there not?

Mr. Neimever: Yes, sir.

Mr. Mehaffy: The lumber company itself does not own 995 any stock in the railroad company, does it?

Mr. Neimever: How is that?

(Question repeated.)

Mr. Neimeyer: No, sir.

Mr. Mehaffy: But some of the stockholders own stock?

Mr. Neimeyer: Yes, sir.

Mr. Mehaffy: I believe you stated you ran these trains, two a day, on schedule time?

Mr. Neimeyer: Yes. Mr. Mehaffy: You charge everybody who rides the regular passenger fare?

Mr. Neimeyer: Yes, sir. Mr. Mehaffy: How is that rate fixed; by the Arkansas law or the Arkansas Railroad Commission?

Mr. Neimeyer: Yes, sir. Mr. Mehaffy: These other factories, Clark & Gay—that is entirely independent of the lumber company and the railroad company, is it?

Mr. Neimeyer: Yes, sir.

Mr. Mehaffy: Has that been established there since the organization of the railroad?

Mr. Neimeyer: Shortly afterward.

Mr. Mehaffy: In bringing the logs into the mill for the 996 lumber company, does the railroad company bring them in at a certain price and charge the lumber company for the service?

Mr. Neimeyer: Yes, sir.

Mr. Mehaffy: What is that charge, do you know?

Mr. Neimeyer: Two cents per 100 pounds.

Mr. Mehaffy: Is it or not true that you are preparing for a connection also with the Rock Island Railroad?

Mr. Neimeyer: Yes, sir.

Mr. Mehaffy: That has not yet been completed?

Mr. Neimeyer: No, sir. Mr. Mehaffy: What sort of country is that in the direction in which the Little Rock, Maumelle & Western is going? It is built out 16 miles. The charter, I believe, provides for 25 miles. What is out there to be hauled or transported?

Mr. Neimeyer: It is considerable of an agricultural country; there is a large amount of rock and wood, stave timber, also a large tract of timber which the Neimeyer Lumber Company is not in-

terested in.

Mr. Mehaffy: The timber of the Neimeyer Lumber Company, and then other large tracts of timber, in which they have no interest at all?

997 Mr. Neimeyer: Yes, sir. Not within the 25 miles, though, the other timber.

· Mr. Mehaffy: It is beyond that?

Mr. Neimeyer: Yes.

Mr. Mehaffy: Is there any means of getting that to market at all except by this railroad?

Mr. Neimeyer: I think not.

Mr. Mehaffy: Do you comply with all the regulations of the Arkansas Railroad Commission, and the rules and regulations of the Interstate Commerce Commission?

Mr. Neimeyer: We do.

Mr. Mehaffy: I believe that is all.

Examiner Burchmore: The figures that I referred to a few moments ago as being the operating revenue and operating expenses were apparently for the year 1908. This purports to be a copy of your annual report for the year ending June 30, 1910, and it shows on page 91 six general officers receiving an annual compensation aggregating \$6,150. I understood you to refer to four general officers, who received an aggregate annual salary, as I footed it up, of That leaves a discrepancy in the figures. Will you state **\$**3.300.

again who the officers are who receive salaries, and what

998 those salaries are?

Mr. Neimeyer: The president receives \$200; the secretary I think is \$50; the treasurer \$25; traffic manager, \$150, and the auditor \$50.

Examiner Burchmore: And one other.

Mr. Neimeyer: The general attorney, I think, \$100. 1 think that is the six. I cannot give you those exact figures. Our traffic manager can furnish that.

Commissioner Harlan: Is the general attorney also attorney for the lumber company?

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: Does he receive any salary from the lumber company?

Mr. Neimeyer: He does not.

Commissioner Harlan: What about the auditor, does he receive a salary from the lumber company?

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: What amount?

Mr. Neimeyer: \$50.

Commissioner Harlan: So from the two companies he gets \$100 a month?

Mr. Neimeyer: Yes.

999 Commissioner Harlan: Then who is it that gets \$150, the traffic manager?

Mr. Neimeyer: Yes.

Commissioner Harlan: He does not get any salary from the lumber company?

Mr. Neimeyer: No.

Commissioner Harlan: The secretary of the railroad company gets \$50.

Mr. Neimeyer: I think that is \$50.

Commissioner Harlan: Does he get a salary from the lumber company?

Mr. Neimeyer: Yes, sir.

Commissioner Harlan: How much?

Mr. Neimeyer: \$75.

Commissioner Harlan: And the president's salary from the lumber company is what?

Mr. Neimeyer: \$200.

Examiner Burchmore: The operating revenues for the same year as given in this report on page 45 are \$47,341.83, and the operating expenses were \$22,607.68, apparently, divided as follows: \$3,977.10 for maintenance of way, \$3,590.90 for maintenance of equipment, \$350.10 for traffic expenses, \$10,427.00 for trans-

portation expenses, and \$4,262.43 for general expenses. I presume it is unnecessary to ask any question about that, except to call attention to the fact that the salaries of the general officers and general office clerks are \$4,000, which compares to \$4,000 for maintenance of way, \$3,500 for maintenance of equipment, and is the largest single item of expense, with the exception of transportation expenses. The difference between the total operating expenses and total operating revenue is apparently in excess of \$25,000. That, I understand, is the sum used for the payment of the interest on the bonds and mortgage indebtedness.

Mr. Neimeyer: Do you want me to give a full list of the salaries paid by the railroad company?

Examiner Burchmore: No. This report indicates that for your engineers, firemen and brakemen.

Mr. Neimeyer: And trackmen.

Examiner Burchmore: There are some general office clerks in addition?

Mr. Neimeyer: Yes, sir; that is what I wanted to get at.

Examiner Burchmore: Do those general office clerks work exclusively for the railroad company?

1001 Mr. Neimeyer: They do not.

Examiner Burchmore: What proportion of their time is

devoted to the service of the railroad company?

Mr. Neimeyer: I could not say exactly, but the amount paid them is supposed to pay them for the time that they put in for the railroad company.

Examiner Burchmore: The proportion between the time devoted to the work of the railroad company and the total time that they work is supposed to be the same as the proportion in their salaries? Mr. Neimeyer: Yes, sir.

Examiner Burchmore: Are any passes issued to the officers of your company?

Mr. Neimeyer: They are.

Examiner Burchmore: To what officers?

Mr. Neimeyer: Speaking of the railroad company? Examiner Burchmore: Yes, the railroad company.

Mr. Neimeyer: The president, vice president, secretary, treasurer, traffic manager.

Examiner Burchmore: Are those annual passes?

Mr. Neimeyer: Yes, sir, on our road.

Examiner Burchmore: Exchange transportation, is that issued by the Iron Mountain to your officers?

Mr. Neimeyer: Yes, sir, but not to all of them. Examiner Burchmore: The passes you referred to were Little Rock, Maumelle & Western passes?

Mr. Neimeyer: Yes, sir.

Examiner Burchmore: What transportation do the officers of the railroad company hold over foreign lines?

Mr. Neimeyer: The president has an annual over the St. Louis, Iron Mountain & Southern, and the Burlington, and possibly one or two other lines that I do not know of.

Examiner Burchmore: The Rock Island?

Mr. Neimeyer: No, sir. The vice-president receives no transportation from being connected with our line. The treasurer holds an annual from the Rock Island and the Iron Mountain, L. & A. and

Examiner Burchmore: The vice-president holds transportation

by virtue of his office in other railroad companies?

Mr. Neimeyer: Yes, sir.

Mr. Mehaffy: There is one question I forgot to ask. You were asked about this Little Rock, Maumelle & Western running parallel with the Rock Island. Is it not true that where it does parallel

the Rock Island and in the direction in which it goes, that it would be practically impossible, because of the mountains, to get from one railroad to the other?

Mr. Neimeyer: Yes, sir.

Mr. Mehaffy: Or for shippers or persons who wanted to transport goods in the territory of the Little Rock, Maumelle & Western to get to the Rock Island at all?

Mr. Neimeyer: Yes, sir.

Mr. Cowan: You are pretty well acquainted with the saw mill situation, and their location with respect to the different railroad lines in Arkansas?

Mr. Neimeyer: A few of them.

Mr. Cowan: Do you know any case where the main railroad, trunk line, I will call it, builds any industry spurs to saw mills, loading tracks of saw mills?

Mr. Neimeyer: No, sir; I do not know of any.

Mr. Cowan: Is it not a fact that to all other industries, however, like cottonseed oil mills, and the like, the railroad does build an industrial spur to the industry?

Mr. Neimeyer: I am not familiar with that.

Mr. Cowan: Is it not a fact that the scheme is worked and everybody knows about it, and it is a matter of common understanding.

that a railroad company in the case of a saw mill industry 1004 builds no spurs to the loading tracks, but leaves the saw mill interests to do it in order to get a division of the rate, is not that commonly understood to be the case?

Mr. Neimever: I don't know what other people do or how that

is arranged.

Mr. Cowan: Well, that is the way it is in your own case?

Mr. Neimeyer: Yes, I guess so.

Mr. Cowan: There is not any obstacle to a railroad company building a spur to a saw mill loading track, just as well as it can build a spur to a cotton oil mill or to a warehouse for a wholesale grocer, is there?

Mr. Neimeyer: I would think so.

Mr. Cowan: You think there is an obstacle to doing it?

Mr. Neimeyer: I do not know as there is one.

Mr. Cowan: You spoke of the owners of the stock of this railroad company. Inasmuch as the railroad is in debt on account of its bonds, and money borrowed for as much as it is worth, or as much as it costs, the stock is a matter of no particular value, is it, except just to control the corporation?

Mr. Neimeyer: Well, we hope it will be. Mr. Cowan: But at present it is not?

1005 Mr. Neimeyer: No, sir.

Mr. Cowan: So it does not matter much whether a man who owns the stock is an owner in the saw mill or not, he has not got anything at present, whether he is the owner of the stock in the saw mill or not, and he has got nothing by owning the stock in the railroad company?

Mr. Neimeyer: I don't think he has got much in either one at

the present time.

Mr. Cowan: Now, the funds that arise from the operation of this railroad go to the bondholders and to the creditors?

Mr. Neimeyer: Yes, sir.

Mr. Cowan: For interest?

Mr. Neimeyer: Yes.

Mr. Cowan: Who are the bondholders? Mr. Neimeyer: They are individuals.

Commissioner Harlan: He said the same people own the bonds that own the lumber company.

Mr. Neimeyer: Part of the same people.

Mr. Cowan: The people to whom the indebtedness is owing are also the same interests?

Mr. Neimeyer: Yes, sir.

Mr. Cowan: So that the man having the stock in the railroad company, the proceeds of the operation do not go to him anyhow, really?

(No response.)

Mr. Cowan: You have a man here who does know about the billing and the like. You do not claim to know anything about the billing and handling of the traffic?

Mr. Neimeyer: No, the traffic manager will tell you that.

Mr. Cowan: That is all.

(Witness excused.)

G. W. SMITH was called as a witness, and having been duly sworn, testified as follows:

Commissioner Harlan: State your name.

Mr. Smith: G. W. Smith.

Commissioner Harlan: What relation do you bear to the railroad company we have just been talking about?

Mr. Smith: Traffic manager.

Commissioner Harlan: How long have you been connected with it as traffic manager?

Mr. Smith: About three years.

Commissioner Harlan: You have no relation to the lumber company, as I understand?

1007 Mr. Smith: No.

Commissioner Harlan: Perform no duties for them at all? Mr. Smith: No.

Commissioner Harlan: What sort of billing does the Little Rock. Maumelle & Western Railroad Company issue on lumber hauled by it, or logs hauled by it? Just describe the whole rate situation.

Mr. Smith: On the logs brought in at the mill they issue local

billing.

Commissioner Harlan: Where is the billing issued?

Mr. Smith: At Becker.

Commissioner Harlan: At the mill? Mr. Smith: At the office at Becker.

Commissioner Harlan: What charge does the company make for that service, and against whom?

Mr. Smith: They make a charge of two cents per 100 pounds against the mill company.

Commissioner Harlan: And that is regularly paid, is it?

Mr. Smith: Yes, sir,

Commissioner Harlan: How often are settlements made?

Mr. Smith: They settle once a month.

Commissioner Harlan: And what service is performed by the railroad company for that charge? Just describe the 1008 exact service.

Mr. Smith: They haul those logs from Maumelle to Becker, a

distance of 16 miles.

Commissioner Harlan: And then the railroad employees join with others in unloading the logs into the pond?

Mr. Smith: Yes, sir.

Commissioner Harlan: Is that all the service that the railroad company does for the two cents?

Mr. Smith: Yes.

Commissioner Harlan: Is that two cents a thousand feet log

Mr. Smith: Yes, sir—no, it is two cents per 100 pounds, estimated

weights.

Mr. Andrews: He has used the two cents interchangeably. I do not know whether he means two cents per 100 pounds or per 1,000 feet of logs.

Commissioner Harlan: Explain that,

Mr. Smith: It is two cents per 100 pounds. Pine logs are estimated 71/2 pounds to the foot, and hard wood at ten pounds to the foot.

Commissioner Harlan: Are the logs actually weighed?

Mr. Smith: No. 1009

Mr. Cowan: What does that amount to per car?

Commissioner Harlan: Yes, what does that amount to per car? Mr. Smith: It goes about \$4.50 to \$5.00 a car.

Commissioner Harlan: How many cars are in an ordinary train? Mr. Smith: About 20 cars.

Commissioner Harlan: About how many trains do vou move in a given period?

Mr. Smith: We move two trains a day.

Commissioner Harlan: Does the two cents cover the haul of the empties back to the junction of the logging road?

Mr. Smith: Yes.

Commissioner Harlan: You make no charge for that service?

Mr. Smith: No.

Commissioner Harlan: What other source of revenue has the railroad company?

Mr. Smith: Well, on the outbound business; that is, on through

cars, they get a division, as shown by that sheet.

Commissioner Harlan: That is to say, on manufactured lumber you get to all points on the Missouri Pacific and the Iron Mountain except points in Oklahoma, Arkansas, Louisiana and Texas six cents per 100 pounds.

Mr. Smith: Yes.

Commissioner Harlan: What service do you perform for that compensation?

Mr. Smith: You will notice at the bottom of that sheet that we add two cents; we get really two cents off of that on the division.

Commissioner Harlan: Explain that.

Mr. Smith: We add for the service of the Little Rock, Maumelle & Western two cents on the finished product, and on that we get six cents per 100 pounds, we get from the connecting line, the trunk line, four cents, and the lumber company pays the two cents.

Commissioner Harlan: Now, you charge the lumber company two cents for bringing the logs into the mill and you also charge

the lumber company two cents out of the through rate.

Mr. Smith: On the finished product; yes, sir. In other words,

we add two cents to the through rate.

Commissioner Harlan: And then you add two cents to the through rate?

Mr. Smith: Yes, sir, to the trunk line rate.

Commissioner Harlan: Take a shipment to a typical point on the Missouri Pacific, and state the through rate.

Mr. Smith: We will say to Jefferson City, it will be six cents, and-

Commissioner Harlan: Just a moment. I want to know what is the joint through rate from Becker to Jefferson City.

Mr. Smith: I think it is 26 cents.

Commissioner Harlan: And you add two cents to that rate? Mr. Smith: No, it would be 22 cents. I guess the Jefferson City rate is probably 18 cents.

Commissioner Harlan: Have you in mind any definite rate on manufactured lumber from Becker to any given point?

Mr. Smith: I can give you St. Louis. The Iron Mountain rate to St. Louis is 18 cents. We would add two cents-

Commissioner Harlan: From what point?

Mr. Smith: From Little Rock; from our connection.

Commissioner Harlan: Well, your connection with the Iron Mountain is at Becker, eight miles out?

Mr. Smith: Well, it is about—I think that is meant for 8/10 of a mile.

Commissioner Harlan: You think it ought to be .8 of a mile.

Mr. Smith: Yes.

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Commissioner Harlan: Is that at Becker?

Mr. Smith: No, that is at the connection of the Iron 1012 Mountain.

Commissioner Harlan: What is the joint through rate from the mill to St. Louis, if there is a joint through rate?

Mr. Smith: Twenty cents.

Commissioner Harlan: Is that published as a joint through rate from your mill, or from Becker?

Mr. Smith: Yes, sir; that is published as a joint through rate. Commissioner Harlan: That is the total charge that the lumber company pays?

Mr. Smith: Yes.

Commissioner Harlan: What part of that charge do you get? Mr. Smith: We get five cents.

Commissioner Harlan: You get that from whom?

Mr. Smith: From the Iron Mountain. Commissioner Harlan: That is a division?

Mr. Smith: Yes, sir.

Commissioner Harlan: What relation has this two cents which you have referred to, to that division; what is the two cents?

Mr. Smith: Well, the two cents is supposed to cover the mill service; the railroad service from the mill to the junction.
because the division that they give the railroad company would not earn as much money as it should on the division

that they allow.

Commissioner Harlan: You are a traffic man and you ought to know about rates, and I wish you would just explain in your own way what the rate is on the through cars, whatever it is or however it is published, on manufactured lumber from the mill to St. Louis, and what part your railroad company gets out of it.

Mr. Smith: The through rate as published from Becker to St. Louis is 20 cents, and our line gets in settlement with the Iron

Mountain five cents and the Iron Mountain gets 15 cents.

Commissioner Harlan: What service do you perform for that

five cents?

Mr. Smith: That five cents in addition to the two cents which is charged on the logs into the mill covers the entire service from the end of the line to the junction.

Commissioner Harlan: We are talking now about the rates on manufactured lumber. You have already disposed of your charge

of two cents on the logs.

Mr. Smith: That would cover the service from the mill to

1014 the junction.

Commissioner Harlan: That would cover the service from the mill to the junction with the Iron Mountain?

Mr. Smith: Yes, sir: to the connection.

Commissioner Harlan: For that compensation you set the empty car at the mill?

Mr. Smith: Yes.

Commissioner Harlan: And you take it from the junction?

Mr. Smith: Yes.

Commissioner Harlan: And set it at the mill?

Mr. Smith: Yes.

Commissioner Harlan: And then the loaded car you set back on

the interchange track?

Mr. Smith: Yes, sir. Now, there is one feature in there we have not touched. The mill company, as shown by this tariff, gets a milling in transit rate. When the finished product is billed out, we allow them credit for that tonnage on what we have charged them on the logs hauled in.

Commissioner Harlan: Just explain that transaction. There is a shipment of the manufactured lumber out on a 20 cent rate, of which

you get five cents?

Mr. Smith: Yes.

1015 Commissioner Harlan: You have already received two cents

on the logs coming in?

Mr. Smith: Yes, sir. Now, if that car weighs 60,000 pounds, we would allow the mill company a credit on their logging bill of two cents a hundred on that finished product.

Commissioner Harlan: That is, of the inbound log bills?

Mr. Smith: Yes.

Commissioner Harlan: You make a refund, in other words?

Mr. Smith: Yes, sir. A milling in transit arrangement, the same as made on all railroads where their products are manufactured or

finished en route.

Commissioner Harlan: So, as a matter of fact, then, on the logs that enter into a carload of manufactured lumber, the lumber company pays a through charge of 20 cents?

Mr. Smith: Yes, the lumber company pays a through charge of 20 cents, less the credit they are allowed on the logs coming in.

Commissioner Harlan: Well, it pays a through charge of 20 cents, as I understand you to say, and then you get out of that five cents? Mr. Smith: And we pay to the mill company, we allow them credit

on their previous log bill. When the logs come into the mills, we assess a freight and collect it. When the finished product is shipped out, then we allow them credit for the tonnage of the finished product, on their log bill, which virtually represents their log bill.

Commissioner Harlan: Well, I though- so. How many carloads

of logs make one carload of lumber?

Mr. Smith: I believe they figure about 40 per cent.

Commissioner Harlan: Can you answer the question a little more directly? I asked how many carloads of logs make one carload of manufactured lumber?

Mr. Smith: I think about eight.

Commissioner Harlan: I may be a little bit dull about this, but I would like to know what the lumber company pays, starting from the junction of your line with the logging road on eight carloads of logs manufactured into one carload of lumber and sent on to St. Louis.

Mr. Smith: Well, we will say the eight carloads of logs would cost them \$40; the finished product would be \$20; that is \$60, and—Commissioner Harlan: I do not mean the total, but the rate.

Mr. Smith: Well, it would be seven cents through—no, it would not. I will have to figure that out, I guess. The logs 1017 coming into the mill and the finished product out, on the average, is about 40 per cent, and the balance is wasted; it is slabs, and so on.

Mr. Mehaffy: I think he is just a little mixed on it.

Commissioner Harlan: I do not know who is mixed; I suspect I am, but I would like to know about it.

Mr. Mehaffy: That is exactly what I am undertaking to do. I think I can state it to him.

Commissioner Harlan: Very well, if you will go at it.

Mr. Mehaffy: I will try. Forty per cent, you mean when the

logs come in from the woods, the amount that goes out in finished product is about 40 per cent of what comes in?

Mr. Smith: Yes, sir.

Mr. Mehaffy: But when you load the cars out in the woods it takes eight of those cars practically to make one carload of lumber?

Mr. Smith: Yes.

Mr. Mehaffy: Now, you stated you got two cents for bringing them in and then got a division of the rate to St. Louis, and the Commissioner wants to know about that two cents. Explain that.

Mr. Smith: You mean the two cents on the logs in, or two

1018 cents on the finished product out?

Commissioner Harlan: The question is, what you mean.

Mr. Mehaffy: Well, the railroad company gets the division on the finished product, does it not?

Mr. Smith: Yes.

Mr. Mehaffy: The mill company pays the railroad company two cents for bringing the logs in?

Mr. Smith: Yes.

Mr. Mehaffy: You state because of the milling in transit privilege that you give the mill company then credit for the two cents back. Now, that is what the Commissioner wanted you to explain, I think.

Mr. Smith: Yes.

1019 Commissioner Harlan: Then your five cents covers the two cents in, is that it? Do you refund that to the lumber

company?

Mr. Smith: It will not cover quite that, because the finished product does not equal the amount that is brought in of the raw material, as I tried to explain; there is a certain wastage in there that does not go out in the finished product, therefore the railroad does not refund quite two cents, it refunds the difference between the amount of manufactured product and the wastage in the logs that are manufactured.

Commissioner Harlan: And the result of the transaction is that the lumber company does pay something on the inbound movement?

Mr. Smith: Yes, sir. I would change that—well, forty per cent, they would pay 1.2 cents per hundred.

Commissioner Harlan: They would pay on the 60 per cent of the inbound movement of logs?

Mr. Smith: Yes, sir.

Commissioner Harlan: So that the lumber company actually does pay you 60 per cent of two cents per 100 pounds?

Mr. Smith: Yes.

1020 Commissioner Harlan: Estimated weight?

Mr. Smith: That gets at it.

Commissioner Harlan: What authority in the published tariffs is there for a refund by you to the lumber company of 40 per cent of the two cents inbound?

Mr. Smith: That tariff is open to anyone who does a milling in transit bus ness on the line: it is filed with the Interstate Commerce

Commission and approved by them, and approved by the Railroad Commission of Arkansas.

Commissioner Harlan: It is a regular milling in transit tariff? Mr. Smith: Yes, sir the same as all other milling in transit rates, on grain and so on.

Commissioner Harlan: You have stated the total tonnage?

Mr. Smith: Yes.

Commissioner Harlan: I observe on these two sheets which you have handed to me, and which I understand to be your division sheets, you get as high as 6 cents per 100 pounds from the outbound movements of manufactured lumber, and at other points on other lines you get 5 cents, and it runs down to nothing to points in Arkansas, Louisiana and Texas. Now what does that mean, that you receive no compensation for your participation-

Mr. Smith: We receive no divisions from the trunk lines. 1021 Commissioner Harlan: To Arkansas, Louisiana and Texas

points?

Mr. Smith: Yes.

Commissioner Harlan: What charge do you make? Mr. Smith: We make the regular service charge.

Commissioner Harlan: Is that a charge per 100 pounds or per car?

Mr. Smith: No, per car.

Commissioner Harlan: On the manufactured lumber?

Mr. Smith: As fixed by the Railroad Commission of Arkansas. We never shipped anything except into the State of Arkansas, we never shipped anything to Louisiana.

Commissioner Harlan: And that charge which you call a charge per car includes the haul from the mill to the junction point?

Mr. Smith: Yes, sir.

Commissioner Harlan: And that is in addition to the haul of the logs inbound?

Mr. Smith: Yes, sir.

Examiner Burchmore: That charge is \$3.00 per car for switching?

Mr. Smith: Yes, sir.

Examiner Burchmore: Does that compensate you for the service of switching out?

Mr. Smith: Well, I could not say. That is what they were willing to make the charge.

Examiner Burchmore: In your opinion is that sufficient?

Mr. Smith: Well, we could not go higher than that. The Rail-road Commission of Arkansas would not allow it. They fixed the rate of switching for anything under three miles at \$3.00.

Examiner Burchmore: You regard that \$3.00 a car as inadequate?

1022

Mr. Smith: I really could not say as to that.

Examiner Burchmore: It never occurred to you that it is inadequate?

Mr. Smith: No.

Examiner Burchmore: Have you any contracts with the Rock

Island Railroad, aside from their division sheets, with regard to rates or divisions?

Mr. Smith: No, sir.

Examiner Burchmore: What percentage of your finished lumber moved out over the Rock Island?

Mr. Smith: I should judge about 40 per cent.

Examiner Burchmore: And the remaining 60 per cent over the Iron Mountain?

Mr. Smith: Yes, sir.

Examiner Burchmore: When did you first establish joint traffic arrangements with the Rock Island?

Mr. Smith: I believe it was in June, 1908, the first of June. Examiner Burchmore: That was after the road had been in operation over a year?

Mr. Smith: It was opened January 1st, 1908.

Examiner Burchmore: Under the present rates in effect in connection with the Rock Island, the Iron Mountain received a switching charge for the movement from your junction to the Rock Island tracks?

Mr. Smith: Yes, sir.

Mr. Burchmore: What is that charge?

Mr. Smith: \$3.50 per car.

Examiner Burchmore: Does the Iron Mountain concur in those joint tariffs in effect over the Rock Island?

Mr. Smith: No.

1024 Examiner Burchmore: Does the Iron Mountain handle traffic under a through rate?

Mr. Smith: Just the switching charge.

Examiner Burchmore: You issue your waybill from Becker?

Mr. Smith: Yes, sir.

Examiner Burchmore: So that the waybill does not read from the Iron Mountain?

Mr. Smith: No.

Examiner Burchmore: When you established these traffic arrangements with the Rock Island in June, 1908, was there any increase at that time in the amount of your division?

Mr. Smith: No.

Examiner Burchmore: The result of establishing traffic arrangements with the second trunk line was not to increase the amount of your divisions on traffic?

Mr. Smith: No.

Examiner Burchmore: Had the Iron Mountain allowed you previously as high as 6 cents on divisions on certain rates?

Mr. Smith: I think that was the first division, yes, sir.

Examiner Burchmore: Has there been any objection on the part of the Iron Mountain in participating in the movements that move out over the Rock Island?

1025 Mr. Smith: No. sir.

Examiner Burchmore: Have you any written contract with the Rock Island covering divisions, rates or tonnage?

Mr. Smith: No.

Examiner Burchmore: Then you have no contracts whatsoever with trunk lines?

Mr. Smith: Nothing further than the published tariffs.

Examiner Burchmore: And division sheets?

Mr. Smith: Yes.

Examiner Burchmore: Is this I. C. C. No. 5 of the Little Rock, Maumelle & Western, being its milling in transit rules, referred to in the tariffs naming the joint through rates. Mr. Smith: In what?

Examiner Burchmore: Is there a cross reference in the tariffs? Mr. Smith: You mean in the tariffs issued by the trunk lines covering through rates?

Examiner Burchmore: Yes.

Mr. Smith: No, that is not mentioned. They mention the two cents we add on the finished product, but they do not-

Examiner Burchmore: Those joint tariffs then contain practically the same provisions as this I. C. C. No. 5?

1026 Mr. Smith: Yes.

Commissioner Harlan: Mr. Mehaffy, have you any ques-

tions? Mr. Mehaffy: No.

Mr. Cowan: The mill, of course, could not be operated without the railroad?

Mr. Smith: No, sir.

Mr. Cowan: Do you have through rates to ship out staves and lumber which come from the hardwood mill?

Mr. Smith: Yes, sir.

Mr. Cowan: What do you get out of that?

Mr. Smith: The same division applies on hardwood and pine. Mr. Cowan: Do you charge them for bringing the logs to their mills?

Mr. Smith: Yes, sir, the same as the other. Mr. Cowan: You give them the same refund?

Mr. Smith: Yes.

Mr. Cowan: The rates then from points on your lines are two cents higher than they are on the Iron Mountain?

Mr. Smith: Yes.

Mr. Cowan: That two cents goes to make up part of the aggregate of the rate, as I understand you, and when you give it to the Iron Mountain they take 15 cents out of the rate to St. Louis 1027 and you take five? Mr. Smith: Yes.

Mr. Cowan: And that is the only money you get on the transaction except what the mill pays you for hauling the logs in?

Mr. Smith: Yes, sir.

Mr. Cowan: And you refund that to the extent of two cents per 100 pounds on the lumber?

Mr. Smith: Yes, sir-no, we figured out, I believe, an amount of 8 mills per hundred.

Mr. Cowan: How is that?

Mr. Smith: We have just been figuring that out, and it amounts to nearly one-half, the refund amounts to about one cent.

Mr. Cowan: At all events the refund is simply a refund of 2 cents per 100 pounds on the lumber shipped on out.

Mr. Smith: Yes, sir. Mr. Cowan: Whatever that weight amounts to?

Mr. Smith: Yes.

Mr. Cowan: So that the mill company, if it is to be treated as paying for the freight on the logs, really gets a refund of 1028 two cents per 100 pounds on the lumber?

Mr. Smith: Yes, sir.

Mr. Cowan: And if you deduct that from what it costs to haul the logs in, it just about breaks even, about one cent?

Mr. Smith: It amounts to nearly one-half of what it costs to get

the logs in.

Mr. Cowan: Well, one-half of two cents?

Mr. Smith: Yes. sir.

Mr. Cowan: When you make your bill of landing, it shows a shipment from Becker to St. Louis, for example?

Mr. Smith: Yes, sir.

Mr. Cowan: And when you make the shipment of the hardwood the billing shows from the station there, whatever the name of the station is?

Mr. Smith: Yes, sir.

Mr. Cowan: And this money is used for the purpose of paying interest on the indebtedness of the railroad company to the lumber company?

Mr. Smith: Well, I could not say what they do with the money. Mr. Cowan: But it never gets out of the hands of the interests which own the mill and the railroad?

1029

Mr. Mehaffy: If he could not say what they do with it. I · do not see how he could answer that question. He has just told you he did not know.

Examiner Burchmore: Have you any joint class and commodity

rates other than lumber rates?

Mr. Smith: Yes, sir.

Examiner Burchmore: They are carried in I. C. C. No. 8, issued by your company, that is the local freight tariff?

Mr. Smith: The commodity rates are in there, local rates. We

have no through commodity rates.

Examiner Burchmore: Then class or commodity freight moving to or from points on your line is handled under the combination of local rates to and from the junction points?

Mr. Smith: Yes, sir.

Mr. Cowan: Who pays that \$3.00 switching charge when it goes to the Rock Island?

Mr. Smith: Over the Rock Island?

Mr. Cowan: Yes.

Mr. Smith: The Rock Island absorbs the Iron Mountain switching.

Mr. Cowan: And then gives you 6 cents division in addi-1030 tion to that?

Mr. Smith: Yes.

Mr. Cowan: You have not stated in the record, but I suppose the division sheets show—you get 6 cents to points in Texas?

Mr. Smith: No, sir, we get nothing to Texas.

Mr. Cowan: You do not ship anything there?

Mr. Smith: No.

Mr. Cowan: Who controls the routing of the traffic, who controls the traffic?

Mr. Smith: I do the routing.

Mr. Cowan: Of course the mill company does not sell lumber anywhere except where it gets a division of the rates, naturally?

Mr. Smith: No, they never have.

Mr. Cowan: Do you have cases where divisions are made ---

Mr. Smith: Excuse me; except they sell a great deal of lumber in Arkansas where we get no division. I expect probably 25 per cent of their output goes to Arkansas.

Mr. Cowan: And you get no division?

Mr. Smith: No.

Mr. Cowan: But you charge the local rate?

Mr. Smith: No, we charge them \$3.00 a car switching. Mr. Cowan: And in that case you do not refund anything to the mill company on the logs?

Mr. Smith: No.

1031

Commissioner Harlan: What is the length of that switch movement by the Iron Mountain over to the Rock Island tracks?

Mr. Smith: I think it is between three and four miles: the commission allows them, I believe, \$3.00 for three miles and under, and \$3.50 for three to four miles, and it is between three and four

Commissioner Harlan: And the Rock Island absorbs that switching charge?

Mr. Smith: The Rock Island absorbs that switching charge, Commissioner Harlan: And then reaches over the Iron Mountain and pays you a division?

Mr. Smith: Yes. sir.

Mr. Cowan: Did you have an arrangement before you built this railroad that you would get the e divisions, or do you know?

Mr. Smith: I do not know as to that. I was not with the

1032 company when the railroad was built.

Mr. Cowan: Are you acquainted with the sawmill industry and the way the business is handled in Arkansas?

Mr. Smith: No. this is the first time I have ever been connected with a sawmill railroad.

Mr. Jeffery: As I understand it, your railroad is building towards the Rock Island now, to connect with the Rock Island?

Mr. Smith: The survey has been made and the estimates furnished.

Mr. Jeffery: What was your reason for that? Mr. Smith: Shortage of money, I guess.

Mr. Jeffery: I mean why are you building to the Rock Island? Commissioner Harlan: He says there is a shortage of money and they are not building. They have only made a survey.

Mr. Jeffery: Then you do not contemplate building over there? Mr. Smith: I suppose they will build when they get in better

shape.

Mr. Jeffery: Have you got a promise of a higher division from the Rock Island?

Mr. Smith: No; it will give us a more valuable location in Little Rock, and give us trackage in there where we could locate industries.

Mr. Jeffery: As I understand the 6 cent division applies really where you make a local charge of 2 cents, in other words, the net division either from the Iron Mountain or the Rock Island is 4 cents.

Mr. Smith: 3 and 4 cents. The net allowance is 2 cents less than the statement we have here.

Mr. Jeffery: That 2 cents is your own money coming back, you might say?

Mr. Smith: Yes.

Mr. Jeffery: Has your allowance always been that 6 cents ever since?

Mr. Smith: Yes, sir, ever since the arrangement has been made with both lines.

Mr. Jeffery: It was made about the same time with both lines?
Mr. Smith: The Rock Island about six months after the Iron
Mountain.

Mr. Jeffery: But you negotiated for that at about the 1034 same time with both lines?

Mr. Smith: Yes, sir, the only reason for the delay was that they could not get their tariffs out.

Mr. Cowan: No agreement as to giving any particular percentage of the traffic to either line?

Mr. Smith: No.

(Witness excused.)

Mr. Mehaffy: I ask to introduce a certified copy of the charter.

Commissioner Harlan: That will not be necessary.

Mr. Mehaffy: And also a certified copy of the order of the Board of Railroad Commissioners authorizing the incorporation of the railroad.

Commissioner Harlan: That may be filed. We will ask counsel to file as soon as possible a map showing the exact conditions of the mills and their relation to the tracks, the distances, and a statement of the actual distance to the Iron Mountain. A reduced copy of what you have will doubtless suffice.

(The original map marked Exhibit No. 1 was returned to Mr. Neimeyer for the purpose of securing a copy to be filed with the Commission.)

1036 Commissioner Harlan: There are a number of other Rock Island roads who are represented by Mr. Walter who is engaged at this time in some litigation for the Commission, and it is understood they will be deferred for the present. We will come now to the Iron Mountain. The first one noted is the Antoine Valley. Is that road represented this morning?

(No response.)

Commissioner Harlan: The next is the Arkansas & Gulf.

Mr. Kimball: I am here for that road

Arkansas & Gulf Railroad.

Phin Kimball, was called as a witness, and having been duly sworn, testified as follows:

Commissioner Harlan: What is your name?

Mr. Kimball: Phin Kimball.

Commissioner Harlan: Your business? Mr. Kimball: Sawmill business and real estate. Commissioner Harlan: Where do you reside?

Mr. Kimball: St. Louis.

1037 Commissioner Harlan: Where do you conduct any sawmill business?

Mr. Kimball: At Laark, La., in the northeast part of the state. west of the river.

Commissioner Harlan: Your mill is at Laark?

Mr. Kimball: Yes, sir.

Commissioner Harlan: How long have you been engaged there in the lumber business?

Mr. Kimball: Since 1904.

Commissioner Harlan: And the name of your lumber company is what?

Mr. Kimball: The Kimball Lumber & Manufacturing Company. hardwood business, also cypress,

Commissioner Harlan: What lumber lands does your company own?

Mr. Kimball: Well, we own between 35,000 and 40,000 acres. Commissioner Harlan: Do you own that in fee? Mr. Kimball: Well, we have a bond and mortgage on it.

Commissioner Harlan: Well, I mean you own fee title, you own the timber and the land?

Mr. Kimball: Yes, sir. Now I would like to explain, I have no partners. When I say we, really the company is 1038 not incorporated yet, and never has been.

Commissioner Harlan: Just your self? Mr. Kimball: Yes, sir.

Commissioner Harlan: You refer to the lumber company?

Mr. Kimball: Yes.

Commissioner Harlan: You own about 35,000 to 40,000 acres, in that neighborhood?

Mr. Kimball: About in that neighborhood, yes, sir. Commissioner Harlan: Have you any timber rights? Mr. Kimball: Nothing except what is in fee.

Commissioner Harlan: And the timber is cypress-

Mr. Kimball: Mostly oak and gum, and some little cypress and elm.

Commissioner Harlan: No pine?

Mr. Kimball: No pine,

Commissioner Harlan: So your mill is a hardwood mill?

Mr. Kimball: Yes, sir.

Commissioner Harlan: How do you reach the market?

Mr. Kimball: Well, Laark is seven miles from a station now called Kimball. It used to be Cypress.

Commissioner Harlan: On what line? Mr. Kimball: The Iron Mountain.

Commissioner Harlan: How do you reach Kimball?

Mr. Kimball: By the Arkansas & Gulf.

Commissioner Harlan: Is that a railroad company incorporated

under the Laws of the State of Louisiana?

Mr. Kimball: It is incorporated under the Laws of Louisiana, but we never issued any stock. I own it. I have a few local partners but they only own \$300 or \$400.

Commissioner Harlan: It is seven miles long. When was this

company incorporated?

Mr. Kimball: I think 1904 or 1905.

Commissioner Harlan: Was the road built by the railroad company?

Mr. Kimball: The road was built by me. I never issued any

stock.

1039

Commissioner Harlan: So that you really own the whole invest-

ment?

Mr. Kimball: That is right. I intended to build further, you understand, and thought I would have more money, but we could not build any further, so I never issued any stock.

Commissioner Harlan: And the town of Kimball I pre-

1040 sume is a town that you own?

Mr. Kimball: Yes, sir, mostly. It used to be Cypress, and we changed that name to Kimball this year.

Commissioner Harlan: What is there at Kimball; do you have

a post office?

Mr. Kimball: Nothing but the farm; there is no post office there now. There is no agent. The station burned down last June. Commissioner Harlan: Was it built by you or the Iron Moun-

tain?

Mr. Kimball: It was built by the Iron Mountain before I went there. Commissioner Harlan: Kimball is simply an interchange point?

Mr. Kimball: Yes, sir.

Commissioner Harlan: It is not a community there?

Mr. Kimball: I have about 850 acres of open farm lands there.

Commissioner Harlan: Which you farm yourself? Mr. Kimball: Which I rent out, unfortunately.

Commissioner Harlan: What sort of track have you?

Mr. Kimball: Between Kimball and Laark is 35 and 40 pound. Outside of that it is mostly 45 and 60 pound. 1041 Commissioner Harlan: Any stone ballast?

Mr. Kimball: No. We are putting sand on it. I have a steam shovel on it, and have been putting sand on it for two years.

Commissioner Harlan: What equipment have you?

Mr. Kimball: Two locomotives and about 26 log cars, three flat cars, three boxes and a caboose, and one motor car seating 12 passengers, and another little motor car I have there for emergencies. That is a gasolene motor car, in case the other breaks down,

Commissioner Harlan: Is there any passenger traffic between

Laark and Kimball?

Mr. Kimball: Yes, sir, we carry a little; it amounts to just about what it costs to run the motor car, about \$75.00 to \$100.00 a month

Commissioner Harlan: Do you sell tickets?

Mr. Kimball: No, there is no agent at Kimball, so we collect cash fares and give receipts the same as they do on the Iron Moun-

Commissioner Harlan: Have you a passenger layout at Kimball

1042 Mr. Kimball: It is just in the store.

Commissioner Harlan: It is your company's store?

Mr. Kimball: It is not incorporated, but I run it in my name. Commissioner Harlan: It is your store?

Mr. Kimball: Yes.

Commissioner Harlan: From Laark there is apparently a log road?

Mr. Kimball: I have about ten miles of branches.

Commissioner Harlan: You have one-

Mr. Kimball: Two-one of them goes back into Arkansas. Commissioner Harlan: Kimball is in Louisiana.

Mr. Kimball: No, in Arkansas

Commissioner Harlan: Just over the line?

Mr. Kimball: Just over the line, a mile and a half up on the Iron Mountain.

Commissioner Harlan: To the south in Louisiana you seem to have a logging road?

Mr. Kimball: Southeast into Louisiana beyond Laark.

Commissioner Harlan: What is the length of that logging road? Mr. Kimball: That is not a logging road, that is what I call the Arkansas & Gulf, that is seven miles long. 1043

Commissioner Harlan: From Laark to the southeast is not there a logging road?

Mr. Kimball: Well, no-probably a mile and then I have one which runs northeast, and then one due east two or three or four

Commissioner Harlan: What is the total mileage of logging roads that join the main line at Laark?

Mr. Kimball: Between nine and ten miles of track.

Commissioner Harlan: Have you any special equipment that you

use solely on those roads?

Mr. Kimball: No, I will tell you how I do that. The logging cars and all of the equipment belonging to the railroad proper is owned by the railroad, as I call it. The engines haul these cars for \$1.50 a car.

Mr. Kimball: Yes, sir.

Commissioner Harlan: Then the logs are milled and the lumber

is moved to Kimball?

Mr. Kimball: That is right. Now we haul millions of feet of lumber from Kimball, formerly Cypress, to Laark away from the 1044 Iron Mountain seven miles, and take it back again.

Commissioner Harlan: Is that your own timber?

Mr. Kimball: Yes, sir.

Commissioner Harlan: Does that come from Arkansas or Louisiana?

Mr. Kimball: That comes from Arkansas. This last year I hauled about three million feet to what we call the State line, it came from Louisiana but was hauled up into Arkansas by switch and then brought back from State Line to Laark and I manufactured it there and took it back to the Iron Mountain.

Commissioner Harlan: What was your total tonnage last year?

Mr. Kimball: I could not tell you. We saw about 20,000 feet a day and run about 275 days as a rule. 20,000 feet of hardwood would weigh about 80,000 pounds. I could figure it up and give you that, though, if you desire.

Commissioner Harlan: Do you file any tariffs with the Commis-

sion?

Mr. Kimball: Yes, sir, we have concurred through the Missouri Pacific. While I am President and Traffic Manager and some of the other officers, I really don't know much about the traffic.

Commissioner Harlan: Do you file annual reports with the Com-

mission?

Mr. Kimball: Yes, sir, I think we did file reports for awhile. Examiner Burchmore: When did you file your first annual report?

Mr. Kimball: I could not tell you that.

Examiner Burchmore: It is only recently you have been filing them?

Mr. Kimball: Yes, sir.

Commissioner Harlan: That is, you do not know that date either as President, Secretary or Treasurer of the company?

Mr. Kimball: I am not the Treasurer, unfortunately.

Commissioner Harlan: Do you move any traffic for anyone else?

Mr. Kimball: Very little. There is nothing out there much:
when I first went there we went through some farms for two miles,
that is about five years ago. I know we left some stock and they

ate up the cotton and we had to pay for it. But since then the farms have been abandoned and there is no development

Commissioner Harlan: So practically you only move your own

lumber?

Mr. Kimball: Practically. We move some little passenger business, but the lumber business is nineteenths-twentieths of it.

Commissioner Harlan: Did you have any local rates filed with the Commission?

Mr. Kimball: I think so, yes, sir—well, we use the commodity and class rates for the store. The Laark Mercantile Company is not the Kimball Manufacturing Company in any sense. Our store burned down on September 21st, and we lost our store and office and 1 am building a brick store 30 x 100 feet, and a brick office alongside of it.

Commissioner Harlan: Of course you understand you are an in-

terstate road?

Mr. Kimball: Yes, sir.

Commissioner Harlan: You run across the State line?

Mr. Kimball: Yes.

Commissioner Harlan: So that in a special sense you are under the jurisdiction of the Commission if you do any traffic at all as a common carrier?

Mr. Kimball: Yes.

Commissioner Harlan: What rates do you carry in connection with the Iron Mountain on lumber to interstate destinations?

Mr. Kimball: Well, usually the way they figure that, they give us—we have to pay four cents above Little Rock on some shipments, and five cents above Little Rock and Pine Bluff, but it figures out about one cent higher than Kimball or Cypress, it used to be, and then they give us back two or three cents. We really make two cents and one cent division that the Iron Mountain pays. We charge that against the lumber company, but the Iron Mountain really gives the railroad two cents and one cent. We do not get any five and six cent divisions.

Commissioner Harlan: Have you any milling in transit rates? Mr. Kimball: No, we charge the lumber company \$1.50 a car.

Commissioner Harlan: Into Laark? Mr. Kimball: Into Laark, ves, sir,

Commissioner Harlan: In either direction?

Mr. Kimball: Well, yes, on the logs in either direction,

1048 on the log cars.

Commissioner Harlan: And then for carrying the manufactured lumber from Laark to your junction with the Iron Mountain you get from two to three and a half cents?

Mr. Kimball: No, from two to three cents, but the published rate

is one cent higher than the Kimball rate.

Examiner Burchmore: You get from two to three cents plus this one cent?

Mr. Kimball: Say from Laark to St. Louis it is 16 cents and Kimball to St. Louis is 15 cents. The railroad company is credited

with three cents so that sawmill pays one cent and the Iron Mountain two cents to St. Louis, and the same going through Thebes gateway or Cairo.

Commissioner Harlan: I suppose you know these facts from con-

ferring with your traffic manager?

Mr. Kimball: Yes, sir.

Examiner Burchmore: We have here a copy of your I. C. C. No. 1, issued by the Arkansas & Gulf, Phin Kimball, General Freight Agent, St. Louis, which contains your merchandise and carload rates between all stations on your line.

Mr. Kimball: Yes, sir.

Examiner Burchmore: So they are filed with the Commission.

1049 Mr. Kimball: Yes.

Examiner Burchmore: Do you maintain a regular train

service.

Mr. Kimball: No, not on freight. On passengers we go twice a day with the motor car; it leaves at 11:00 and 2:20, and meets the Iron Mountain trains going north, and carries the mail out to meet the trains going south. We have carried the mail out for five years.

Examiner Burchmore: You carry passengers also?

Mr. Kimball: Yes, sir.

Examiner Burchmore: Was that regular train service recently

established?

Mr. Kimball: Yes, sir, I have had the car about two years, but the track was so rough we were afraid to run it, we were afraid it would break it up, until we got the steam shovel on it and put some sand on it.

Examiner Burchmore: Do you receive passenger fares from these

passengers?

Mr. Kimball: Yes, sir.

Examiner Burchmore: Do you sell any tickets?

Mr. Kimball: No, there is no agent except at one end I have an agent at Laark, and we have a cash fare slip they turn out that

is sent into St. Louis, I do not know as it makes any dif-1050 ference, I told you I resided in St. Louis. I am a legal resident of Louisiana and am Postmaster at Laark.

Examiner Burchmore: Has the railroad company paid any divi-

dends?

Mr. Kimball: No, it does very little business, Examiner Burchmore: Has it any surplus?

Mr. Kimball: No.

Examiner Burchmore: Do you receive a salary as officer of the railroad company?

Mr. Kimball: I am credited with one but have never received it.

Examiner Burchmore: Never have been paid?

Mr. Kimball: Never have been paid.

Examiner Burchmore: Do you keep the books of account of the railroad company in accordance with the rules of the Interstate Commerce Commission?

Mr. Kimball: Well, I suppose we do. We keep everything

The lumber company and the railroad company are entirely separate and so is the store company.

Examiner Burchmore: The railroad company has an auditor or bookkeeper?

Mr. Kimball: Well, he gets a pro rate; we have a lady in 1051 St. Louis, and a timekeeper and agent at Laark, and we prorate their salaries.

Examiner Burchmore: That proportion of their salaries is in proportion to their service?

Mr. Kimball: Yes, sir, practically, as near as we can come at it. Examiner Burchmore: Are those bookkeepers advised of the requirements of the Interstate Commerce Commission with reference

Mr. Kimball: Well, I do not know. I would judge so.

Examiner Burchmore: You do not know whether they have been made acquainted with the Commission's rules?

Mr. Kimball: I think when your representatives were there, they

made us acquainted with them to a certain extent.

Examiner Burchmore: Are your cars equipped with automatic couplers?

Mr. Kimball: Yes, sir, the flat cars are. The log cars are not. But we do not use the automatic couplers there because the road is so rough they would not couple. I want to say to you we use our flat ears mostly for sand. We overhauled about 18 of them this year, and we have a steam plow and plow the sand off the cuts. 1052

Commissioner Harlan: You are ballasting your road?

Mr. Kimball: Yes, sir,

Examiner Burchmore: Do your employés work more than eight hours?

Mr. Kimball: We work eleven hours a day.

Examiner Burchmore: Do you observe the Hours of Service Law? Mr. Kimball: Oh, yes, sir, as I understand it, we cannot work longer than 17 hours unless in the case of a wreck. I wish to say to you in explanation that I made considerable effort in making surveys, I think you have the correspondence on your record; I spent over \$5,000 in surveying and prospecting to build this road

Commissioner Harlan: To what track?

Mr. Kimball: Well, we expected some tracks, there was a whole lot of surveying done several years ago east of me, in East Carroll and West Carroll Parishes, the Frisco, and a road called the Alexandria, Greenville & Eastern, and that also made it pretty lively down there, but it all died out after awhile by the Iron Mountain's building a stub down there and killing it.

Commissioner Harlan: Do the railroad company employés

1053 load or unload the cars?

Mr. Kimball: No, we have a steam loader, and we do not unload them at the mills. The cars are hauled right up in the mill and it is a trap car and we do not handle them like they unload them into a pond, and all of that is done by the milling company. The railroad simply hauls them and gets \$1.50 for hauling the loaded car, and it hauls the empty back free.

Examiner Burchmore: What did this railroad cost you to build?

Mr. Kimball: I would judge about \$5,000 a mile. Commissioner Harlan: There are no cuts and fills?

Mr. Kimball: No.

Commissioner Harlan: Are there any bridges?

Mr. Kimball: No except log bridges.

Commissioner Harlan: Do you receive any passes from the Iron Mountain?

Mr. Kimball: One annual over the Iron Mountain.

Commissioner Harlan: As President of the railroad company?

Mr. Kimball: As President of the railroad company. Commissioner Harlan: And from its connections?

Mr. Kimball: What connections do you mean? 1054 Commissioner Harlan: The connections to the market. like the Burlington and other roads?

Mr. Kimball: Yes, sir, I have received transportation, but they have cut them off of late years. I have the small annuals and one over the Burlington east of the river.

Commissioner Harlan: Have you issued any transportation over

your line to officers of connections?

Mr. Kimball: No, sir; they won't come. I wrote one time to the Commission, I used to issue passes to the lumber company customers. and I wrote to the Commission and Senator Cockrell answered it and said I had better quit it.

Commissioner Harlan: Will you be kind enough to get your engineering department to send us just a rough map of this road and its logging connections, showing the distances and the char-

acter of its connections with the Iron Mountain?

Mr. Kimball: Yes, sir.

Commissioner Harlan: Have you any questions, Judge Cowan? Mr. Cowan: Are you pretty well acquinted in Louisiana as to the sawmill operations generally?

Mr. Kimball: Not very greatly, no.

Mr. Cowan: I suppose this railroad of yours is complying with these regulations of one kind and another, in order to keep the divisions you are getting out of the rates: that is the reason for it?

Mr. Kimball: I didn't quite eatch that.

Mr. Cowan: Whatever compliance you make with the regulations of the Interstate Commerce Commission is so that you can hold on to the divisions that you get from the Iron Mountain Railroad?

Mr. Kimball: I don't know as I just quite eatch your meaning. Mr. Cowan: You get your lumber out cheaper than you would if you did not profess to have a railroad?

Mr. Kimball: Well, yes, in one way; yes, sir.

Mr. Cowan: You get two cents per 100 pounds-

Mr. Kimball: To me as owner of the company, I naturally would get that back.

Mr. Cowan: You would have to operate your sawmill with a rail-

road anyhow, if you operated it?

Mr. Kimball: No, I would not have put it out there if I had not expected and expect still to build a railroad which would be permanent. It is permanent now:

Mr. Cowan: I do not see how you could operate a sawmill without

Mr. Kimball: I probably would not have built there. When I first built the road I was talking to a man, a Mr. 1056 Louis Houck, who had made some success in it. In fact I was try-ing to interest him down there, but I could not. But I figured on building the road somewheres, and I spent enough money, if I had to build a road somewhere, to come out even or make anything on it, and I expect to.

Mr. Cowan: If you do not do that you have still to go ahead with this meagre division of one or two cents, but if you could reach the Rock Island I guess you have observed from the evidence you would get a good deal more money.

Mr. Kimball: Yes, sir, I expect to go to the Mississippi River. Mr. Cowan: Is it not a fact that the sawmill interests generally in that part of the country are getting divisions out of the rates, the interests are getting divisions either by tap lines or some other

Mr. Kimball: I don't know a thing about them except what I

have heard here.

Mr. Cowan: If you only get two cents on yours and another man competing with you gets six or seven cents on his, he has undoubt-

edly got an advantage over you?

1057 Mr. Kimball: Well, I think hardwood mills pay a lower rate of freight than yellow pine. It would be 16 cents from Laark on hardwood and 18 cents on pine, but we have no pine in that country.

Mr. Jeffery: That is to St. Louis?

Mr. Kimball: That is to St. Louis, yes, sir, and proportionate to Thebes.

Mr. Cowan: I thought it was just the other way, that hardwood paid a higher rate.

Mr. Kimball: Not in there. I do not know as to other points. Mr. Cowan: You do not know the situation as to other people?

Mr. Kimball: No. We do not buy lumber, we are simply a sawmill firm and practically do not buy any. Mr. Jeffery: The 16 cents is the rate from Laark to St. Louis?

Mr. Kimball: Yes, sir.

Mr. Jeffery: What is the rate from the junction?

Mr. Kimball: 15 cents from Kimball. We add one cent. Mr. Jeffery: What division do you get out of that rate?

Mr. Kimball: Three cents.

1058 Mr. Jeffery: So your net division is two cents; you get your own one cent back and two cents division?

Mr. Kimball: Yes. Some places we only get one cent.

Commissioner Harlan: Your interest in the rate is simply the

cost to you of laying down your lumber in St. Louis and other markets, is that it?

Mr. Kimball: I do not understand you.

Commissioner Harlan: Suppose the divisions were cut off and the rate reduced from Kimball, you would be as well off as you are now, would you not?

Mr. Kimball: No, I do not look at it that way. I do not look at the mill connected with the railroad. Naturally I own the two—

Commissioner Harlan: I am speaking of the entire investment which you now have. Individually you own everything there?

Mr. Kimball: Yes.

Commissioner Harlan: The town and the lumber company and the railroad?

Mr. Kimball: Practically, yes, sir.

Commissioner Harlan: Speaking of your individual interests and eliminating these different companies, you would be as well 1059 off without a division of the through rate, if the rate itself to St. Louis were reduced to the extent of your present division?

Mr. Kimball: In the present instance it might, but the railroad is not going to stop. I am expecting—now this summer there was a party came to St. Louis a third time to see me and to ask me to come over in West Carroll, and I am now building to the Beth River and it is going to be a stationary line, I think, I am going to call that a stationary place, and I want to get over there, and if we do not have something to work with it will naturally flatten that part out.

Commissioner Harian: Take the present investment, excluding this proposed extension, you would be as well off without the division if the rates were reduced to that extent, would you not?

Mr. Kimball: I might in dollars and cents, but I would not feel that way. I expect the railroad to make itself. While I might get as many dollars myself if I got any, still I would not feel as much interested in trying to do something for the road unless I found I could get some help. I think a trunk line should be in

1030 a position to assist a developing line, that is the way I feel about it. While in the present instance, as you say, if they reduce the rate three cents, naturally the lumber company would get as much for the lumber, but that would not encourage me to develop that road, which I am going to do.

Commissioner Harlan: Your investment would be as well off?
Mr. Kimball: No, sir, the sawmill might, but the railroad would

Commissioner Harlan: Well, your whole investment.

Mr. Kimball: I do not think so, because the Iron Mountain would not help me. I expect to get some help.

Commissioner Harlan: You do not think the reduced rate would

be a help to you?

Mr. Kimball: It would be there, but it would not if I shipped something else, which I expect to. I could not charge a local which

would justify the shipment of the other products. That is, nobody would want to come down there.

Commissioner Harlan: We will confine the inquiry to your in-

terest as a lumber man.

Mr. Kimball: I do not own half the timber in the country, and I own all I want to, and I would be very glad to do what I could to induce something to come there. I would build a spur,

1061 side track or anything in reason to get someone to come out there and put up some sort of a plant and get the business.

Commissioner Harlan: You are now speaking as a railroad man?

Mr. Kimball: I am now speaking as a railroad man, yes, sir.

Commissioner Harlan: I am directing your attention to your interests as a lumber man. You would be as well off as a lumber man.

Mr. Kimball: The sawmill would individually: I would not as a whole.

Commissioner Harlan: Of course, we are a little confused by

your mingled interests here.

Mr. Kimball: I am trying to make myself plain. The sawmill part of it would, but individually I would not be as well off. It would take away the feeling that I would get something by building a little road and I could not get anybody to come down there. I cannot get them anyway so far. I think I might when times go along, but if I have to charge the full local I do not think I can get them down there for some time yet.

Mr. Cowan: They are afraid to ride on the railroad.

1032 Mr. Kimball: They could walk.

Commissioner Harlan: That seems to be all.

Mr. Kimball: If you are through with me I will leave the town.

(Witness excused.)

Commissioner Harlan: The Berne & Clear Lake Railroad? (No response.)

Commissioner Harlan: The Brookings & Peach Orchard Railroad?

(No response.)

Commissioner Harlan: The Caddo & Choctaw Railway. Mr. McRea: We are ready.

1063 Caddo & Choctaw Railway Company.

T. W. Rosborough, was called as a witness and having been duly sworn, testified as follows:

Commissioner Harlan: What is your name?

Mr. Rosborough: T. W. Rosborough.

Commissioner Harlan: What is your business?
Mr. Rosborough: Railroading, and lumber business.

Commissioner Harlan: At what point?

Mr. Rosborough: Rosboro, Ark.

Commissioner Harlan: What are the termini of your road and what is the road called?

Mr. Rosborough: It is Rosboro and Cooper, and it is called the Caddo & Choctaw.

Commissioner Harlan: When was it incorporated? .

Mr. Rosborough: In April 1907.

Commissioner Harlan: Where is Rosboro with reference to Little Rock?

Mr. Rosborough: It is about 35 miles west of Hot Springs. Commissioner Harlan: Is it east or west of Little Rock?

Mr. Rosborough: Southwest; it is west of Hot Springs too. Commissioner Harlan: I have Rosboro. Now what is the

1064 other terminus?

Mr. Rosboro: Cooper; it is a new station. The road has just been built to it.

Commissioner Harlan: With what road does it connect?

Mr. Rosborough: The Iron Mountain. Commissioner Harlan: At Rosboro?

Mr. Rosborough: Yes, sir.

Commissioner Harlan: What is the length of the line to Cooper? Mr. Rosborough: 14 miles at present.

Commissioner Harlan: When was it built?

Mr. Rosborough: It was built at different times, from the date of organization until the present.

Commissioner Harlan: You say the date of organization of the railroad company?

Mr. Rosborough: Yes, sir.

Commissioner Harlan: Was it all built by the railroad company?

Mr. Rosborough: Yes.

Commissioner Harlan: When was the first mileage constructed and how much?

Mr. Rosborough: The first was in 1907, it was built— 1065 the grading was about seven miles, and the track was laid about four miles.

Commissioner Harlan: To what point, what did you call that end

Mr. Rosboro: We first called our end Spears.

Commissioner Harlan: Was there any lumbering at Spears or near Spears?

Mr. Rosborough: Yes, sir, there was logging off the main line,

a spur leading off the main line.

Commissioner Harlan: What was the length of that spur? Mr. Rosborough: The first spur was about two miles long.

Commissioner Harlan: By whom was that built?

Mr. Rosborough: The spur was built by the Caddo River Lumber Company.

Commissioner Harlan: Is that the company that owns the Caddo & Choctaw Railroad?

Mr. Rosborough: The individual stockholders of the Caddo River Lumber Company own the Caddo & Choctaw Railroad Company. Commissioner Harlan: Is the ownership about the same? Mr. Rosborough: There are some exceptions.

Commissioner Harlan: Did the Lumber Company fur-

1066 nish the capital for the con-truction of the railroad?

Mr. Rosborough: The stockholders of the lumber company are the stockholders of the railroad company and the stockholders of the railroad company have about one-half—the stock is divided about two to one in favor of the lumber company; each stockholder of the lumber company that owns two shares of stock in the lumber company owns one share in the railroad company.

Commissioner Harlan: The point I wanted to get at was this, did the railroad company actually receive cash capital and with that build the road, or was the road built under some contract by the lumber company and its stockholders, and then turned over to

the railroad in payment of the stock that was issued?

Mr. Rosborough: No, it was understood that—the railroad was chartered before the road was constructed at all, and \$50,000 of that stock was subscribed proportionately to begin with, with the stockholders of the company.

Commissioner Harlan: So the railroad was built by the rail-

road company?

Mr. Rosborough: The railroad was actually built by the railroad company.

1067 Commissioner Harlan: And what was the cost of the

entire road?

Mr. Rosborough: Well, according to the annual reports that you have, there was only 12 miles of road finished when that report went in, and it cost \$166,183.84.

Commissioner Harlan: Well, what is the capital stock of the

railroad?

Mr. Rosborough: \$250,000.

Commissioner Harlan: Is that issued?

Mr. Rosborough: There has been \$50,000 of it issued. Commissioner Harlan: Has it any bonds outstanding?

Mr. Rosborough: No, sir.

Commissioner Harlan: Any indebtedness?

Mr. Rosborough: Yes, sir.

Commissioner Harlan: To what amount?

Mr. Rosborough: Well, the annual report shows; I haven't it exactly.

Commissioner Harlan: It is simply a current account or indebt-

edness for the construction of the road?

Mr. Rosborough: The Caddo & Choctaw Railroad Company owes the Caddo River Lumber Company for all over and above the difference of the money that was paid in and what they 1068 have earned—they owe the difference to the Caddo Lumber Company.

Commissioner Harlan: Can you just say in round numbers what

that amount is?

Mr. Rosborough: I can get at it reasonably close—no. I can not give that to you now, but I can furnish it to you if you like a little later.

Mr. McRea: It is the difference between the cost of the road and \$50,000.

Mr. Rosborough: Well, plus the earnings that the road earned; it is \$50,000 plus the earnings, and deduct that from the cost of the road.

Examiner Burchmore: The profit from operation each year is credited on the indebtedness to the lumber company.

Mr. Rosborough: Yes, that is the idea.

Commissioner Harlan: What equipment has the Caddo & Choctaw?

Mr. Rosborough: It has at present one locomotive and 18 cars. Commissioner Harlan: What rails have you used there?

Mr. Rosborough: 55 pound steel rail.

Commissioner Harlan: Is there any ballast on the road?

Mr. Rosborough: Why, only the ballast that was taken out of the dumps. Our country is a rocky country and slaty, and the slate makes a good ballast, and it has been all surfaced up with this style of ballast.

Commissioner Harlan: Standard gauge?

Mr. Rosborough: Yes, sir.

Commissioner Harlan: Does it operate the logging roads also that are attached to it?

Mr. Rosborough: The Caddo & Choctaw?

Commissioner Harlan: Yes.

Mr. Rosborough: The lumber company build these spurs and pay for the ties that are under them, and pay for all the construction of the spurs, and the Caddo & Choctaw operate over them.

Commissioner Harlan: The lumber company has no equip-

ment then?

Mr. Rosborough: Not a bit, no, sir.

Commissioner Harlan: Who owns the forest into which the logging roads run?

Mr. Rosborough: Well, there is a greater part of it owned by the Caddo River Lumber Company, but the Caddo River Lumber

Company's holdings is a very narrow strip ranging from one 1070 to two miles wide the first 12 miles, and then it branches out and gets to be four or five miles wide, and the territory adjoining their holding is held by other parties.

Commissioner Harlan: What is the total length of the Caddo &

Choctaw Road?

Mr. Rosborough: 14 miles; it was on the report we made to you

12 miles, though.

Commissioner Harlan: Do you haul any logs over the logging roads and into Rosboro for any shippers other than the Caddo River Lumber Company?

Mr. Rosborough: No logs. We haul other forest products.

Commissioner Harlan: Over the logging roads?

Mr. Rosborough: No, over the main line.

Commissioner Harlan: That is the point I want to get at. Have you any mills on the main line?

Mr. Rosborough: Not exactly on the main line. We have several

small mills off the main line, but the price of lumber has been so low of late years they have not been doing very much busi-They could not, they had to haul it to our road to ship it. ness.

Commissioner Harlan: Are they stave mills?

1071 Mr. Rosborough: No, lumber mills, these small jerkwater

Commissioner Harlan: And they haul the lumber to your line? Mr. Rosborough: They haul their rough lumber to our line, and it is shipped from there.

Commissioner Harlan: Do you plane it?

Mr. Rosborough: No-well, we have bought some from them, but

do not make a practice of it.

Commissioner Harlan: How far are their mills from the line? Mr. Rosborough: They vary all the way from one to five miles. Commissioner Harlan: And they haul their rough lumber to the track by wagons?

Mr. Rosborough: Yes.

Commissioner Harlan: Do they lumber in the forests of the Caddo River Lumber Company?

Mr. Rosborough: No.

Commissioner Harlan: They have their own holdings?

Mr. Rosborough: Yes.

Commissioner Harlan: But they are not now in operation?

Mr. Rosborough: Well, we hauled a little stuff this month 1072 out there; they are not operating very freely, no, sir.

Commissioner Harlan: Is there any other traffic that you

move; any cotton or farm produce?

Mr. Rosborough: We have not handled any cotton up to the We have handled some stave bolts and staves.

Commissioner Harlan: It is rather small traffic, I infer. Mr. Rosborough: Yes, sir; we handle all traffic that is offered us, and encourage traffic in carload lots.

Commissioner Harlan: Not less than carload lots?

Mr. Rosborough: We have not handled anything to speak of in less than carload lots, and that which we have handled we have handled for cost.

Commissioner Harlan: Any stations on your line?

Mr. Rosborough: We are now building a first class station at Cooper. We have not any station completed at present.

Commissioner Harlan: For what use are you building that? Mr. Rosborough: We have a town that is located at Cooper. Commissioner Harlan: Is that sort of a company town?

Mr. Rosborough: No, it is not really on the company's land; it is on an individual's land, and we-

Commissioner Harlan: Is there a post office there?

Mr. Rosborough: There is a post office applied for there. Commissioner Harlan: How many people live there?

1073 Mr. Rosborough: This town of Cooper is two and one-half miles from a town by the name of Daisy, that is inland, and we could not reach Daisy with our railroad on account of the topography of the country, and we therefore stopped at Cooper and expect for the Daisy merchants to move to Cooper. In Daisy there are about 500 people.

Commissioner Harlan: Well, are they moving?

Mr. Rosborough: They are. I do not know that they will all move, but the principal merchants are moving.

Commissioner Harlan: And in contemplation of that movement

vou are erecting the station?

Mr. Rosborough: We are erecting a station there that is right on the same lines of those of the Iron Mountain, it is built on the same architecture, on a concrete foundation, and is to be a permanent building.

Commissioner Harlan: Have you any passenger trains?

Mr. Rosborough: We have not at present, no. We expect to put

Commissioner Harlan: Have you any mail or express?

Mr. Rosborough: No; we have made application for a mail contract to Cooper.

Commissioner Harlan: How much of general merchan-

1074 dise, just in general terms, do you move?

Mr. Rosborough: Well, only a very small percentage; in fact we have made no charge for handling local shipments of any kind, or passengers; our charges have been for carload lots only. We were not equipped to handle local shipments or passengers, and for that reason have made no charge for them.

Commissioner Harlan: So that at this time you are practically

moving no traffic except for the lumber company?

Mr. Rosborough: Yes, sir; we are moving any traffic in carload lots for outsiders, but no small shipments.

Commissioner Harlan: What traffic is offering in carload lots?

I understood you to say these mills were not running.

Mr. Rosborough: Well, staves and stave bolts from the forests in, and fertilizers and foods and such stuff going out. Cotton seed meal and cake in carload lots.

Commissioner Harlan: What is the extent of that traffic?

Mr. Rosborough: It is a very small percentage.

Commissioner Harlan: The staves come from what forest?

Mr. Rosborough: They do not come off from ours,

Commissioner Harlan: Is the railroad company paying any dividends?

1075 Mr. Rosborough: No. sir.

Commissioner Harlan: Paying interest on its indebtedness?

Mr. Rosborough: Yes, sir.

Commissioner Harlan: At what rate?

Mr. Rosborough: Six per cent.

Commissioner Harlan: What was its total tonnage last year?

Mr. Rosborough: I have an estimate of that. This is not absolutely authentic, but I figured that our tonnage for last year was

about 150,000 tons.

Commissioner Harlan: And of that, what amount came from

and went to the Caddo River Lumber Company?

Mr. Rosborough: Well, a very large percentage of it.

Commissioner Harlan: Well, 95 per cent?

Mr. Rosborough: I would say perhaps about 95 per cent; I could not get at it any closer than that. Now, of course the stuff, the lumber going out from the Caddo River Lumber Company's mill, you included that in the Caddo River lumber?

Commissioner Harlan: Yes.

Mr. Rosborough: Yes, That was logs coming into the mill and lumber going out, principally.

Commissioner Harlan: Total tonnage?

Mr. Rosborough: Yes, sir.

1076 Commissioner Harlan: The mill as it is at Rosborough how is it located with reference to the tracks of the regular carrier there, the Iron Mountain, is it not?

Mr. Rosborough: It is about a quarter of a mile, I should say.

from the Iron Mountain station.

Commissioner Harlan: Well, to the Iron Mountain tracks, how close is it?

Mr. Rosborough: The Iron Mountain tracks are at the Iron Mountain station.

Commissioner Harlan: There is no Iron Mountain spur track

running over to the mill?

Mr. Rosborough: Well, the planer track was graded and tied by the Caddo & Choctaw Railroad; the Iron Mountain people then furnished the steel and fastenings and laid the track and charged us up with it, and after we delivered to them a certain number of cars they refunded to us what was charged.

Commissioner Harlan: For the labor?

Mr. Rosborough: Yes, sir.

Commissioner Harlan: How far is your planing mill from the saw mill?

Mr. Rosborough: About 200 feet or a little over.

Commissioner Harlan: And then your planing mill is on this spur track your have just referred to?

Mr. Rosborough: Yes, sir.

Commissioner Harlan: Is not that for all intents and purposes and Iron Mountain spur track?

Mr. Rosborough: Well, I have given you the exact record of it Commissioner Harlan: Well, is not that the general basis of which the Iron Mountain builds all spur tracks to industries?

Mr. Rosborough: Well, I could not answer that intelligently.

Commissioner Harlan: Your manufactured lumber is loaded into
cars on that track?

Mr. Rosborough: Yes, sir.

Examiner Burchmore: Was that siding constructed under the standard form of side track agreement, written contract?

Mr. Rosborough: I do not know what that is. Examiner Burchmore: Did you have a contract?

Mr. Rosborough: We signed a contract regarding that side track. Commissioner Harlan: Have you that here? Mr. Rosborough: No. I presume likely you have it in your records.

Commissioner Harlan: I think possibly we have.

Mr. Rosborough: Yes, sir; I haven't it.

Commissioner Harlan: If we haven't it, you can furnish us a copy?

Mr. Rosborough: I suppose we could get a copy; yes, sir.

Commissioner Harlan: Well, we will ask the Iron Mountain to furnish it. Now, what rates do you have in effect for the movement of lumber, and what is their application with reference to the logs?

Mr. Rosborough: I do not quite get your question.

Commissioner Harlan: Just tell us about your rates on lumber,

what the lumber company has to pay.

Mr. Rosborough: What the lumber company has to pay?

Commissioner Harlan: Yes. On what rate does it get its manufactured lumber to market; is it a milling in transit rate?

Mr. Rosborough: Yes, sir.

Commissioner Harlan: Just describe the application of that rate

to a shipment of logs from back in the forest.

Mr. Rosborough: Well, the Caddo & Choctaw Railroad gets fifty cents a thousand for hauling the logs in, plus a four cent division.

1079 Commissioner Harlan: That is, hauling the logs in over the logging road to the mill at Rosboro?

Mr. Rosborough: Yes, sir.

Commissioner Harlan: Fifty cents a thousand feet in the logs?
Mr. Rosborough: Fifty cents a thousand feet in the logs, plus a
four cent division that they receive from the Iron Mountain Road.
Commissioner Harlan: On the manufactured product out?

Mr. Rosborough: On the manufactured product out.

Commissioner Harlan: What is the earnings at fifty cents a thousand feet on an ordinary logging car from the forest to the mill?

Mr. Rosborough: That is about \$2.50. We put about 5,000 feet of logs on one of our logging cars, on an average; our logging cars are standard flat cars, 40 feet long, 60,000 pounds capacity.

Commissioner Harlan: And for that compensation you haul the logs from out in the forest over the logging road and then over

your main line to the mill?

Mr. Rosborough: Plus the four cent division we get; the fifty cents would not compensate us, but with that four cent division it makes it possible for the logging road to live.

Commissioner Harlan: At the mill, then, the logs are sawed and then they pass from the saw mill to the planing mill by

trucks, I suppose?

Mr. Rosborough: The logs are dumped off into the pond, and are taken up in a slip to the mill, manufactured into lumber and taken back to the yard, and part to the dry kiln and part to the yard, and after it is in condition it is taken through the planing mill and loaded on the cars.

Commissioner Harlan: And then it goes through on the through

rate, and you get four cents out of that?

Mr. Rosborough: Yes, sir.

Examiner Burchmore: The Caddo & Choctaw began operation in

July, 1907?

Mr. Rosborough: The Caddo & Choctaw Railroad was incorporated April 19, 1907, and began construction at once.

Examiner Burchmore: Does it own the right of way on which

it operates?

Mr. Rosborough: It owns all the right of way which has been purchased outside. The transfer of the title has never been made from the Caddo River Lumber Company to the Caddo & Choctaw

Railroad Company for the right of way that it actually owns. The idea was to finish the road to Cooper and then make one 1081 transfer of the whole title on a basis of \$5,00 per acre.

Examiner Burchmore: There is no lease of that road?

Mr. Rosborough: Just an agreement to that effect. The agreement is on that basis.

Examiner Burchmore: The railroad company pays nothing to

the lumber company for the use of the land in the interim?

Mr. Rosborough: No; it is understood they are to buy that land at \$5.00 per acre, all the land, 100 foot right of way from the mill out to Cooper.

Examiner Burchmore: What proportion of the right of way was

furnished by the Caddo River Lumber Company?

Mr. Rosborough: Practically all of it; probably a mile, a mile and a half or two miles of that, that the Caddo & Choctaw Railroad Company has bought.

Commissioner Harlan: Who owns the right of way from this spur track to the planing mill to the Iron Mountain main line?

Mr. Rosborough: That is owned by the Caddo River Lumber Company.

Examiner Burchmore: If you had signed a standard form of switch track agreement covering that I think it is probable that the title under that agreement would rest in the Iron Mountain. Is not that the usual provision?

Commissioner Harlan: It differs on different roads, and will have

to be ascertained.

Examiner Burchmore: hounderstood you to say the Iron Mountain furnished the steel rails out of which a part of this road was

Mr. Rosborough: No; part of it was bought new. We bought our rail right from the relling mills new, 55 pound steel. I told you that the Iron Mountain furnished the rail for the spur track.

Examiner Burchmore: You stated, though, that the Caddo & Choctaw furnished the steel rail for this private logging road.

Mr. Roshorough: The Caddo & Choctaw owns the rail on the logging road. The Caddo River Lumber Company owns no rails or railroad equipment or fastenings whatever, and have never spent a dollar for equipment.

Examiner Burchmore Does the lumber company pay any rental

for the use of that steel rail?

Mr. Rosborough: No, the rails all belong to the railwoad com-29i

pany. The lumber company pays them fifty cents a thousand.

1083 Commissioner Harlan: The logging roads are moved from time to time?

Mr. Rosborough: When the timber is taken off, the track is moved ahead.

Commissioner Harlan: Is that done by the railroad company?

Mr. Rosborough: No, that is done by the Caddo River Lumber Company. They estimate the amount of timber that is on a spur; they have all that estimated, and they charge off so much per thousand to cover the cost of constructing that spur and taking it up.

Commissioner Harlan: And they do that?

Mr. Rosborough: They do that; yes, sir. Commissioner Harlan: The railroad does not do it at all?

Mr. Rosborough: The railroad has absolutely nothing to do with it.

Commissioner Harlan: The railroad owns the ties and rails and operates it.

Mr. Rosborough: The railroad does not own the spur ties, only the main line ties.

Comm. Harlan: It only owns the rails?

Mr. Rosborough: Yes.

Examiner Burchmore: If the Caddo & Choctaw owns the 1084 steel rails composing the private lumber road, and also operates the trains over that lumber road, why is not that private

lumber road considered a part of the railroad system?

Mr. Rosborough: Because the mill company builds these tracks. They build these tracks and the railroad company gets the logs off of them and brings them into the mill.

Examiner Burchmore: Is there any particular reason why these private roads reaching into the forest are considered private roads and are not considered as part of the system of the Caddo & Choctaw

Railroad as a common carrier?

Mr. Rosborough: You see, our charter provides for the main line and does not provide for the spurs off of it. Our spurs are short. The longest we have up to the present time is only about three miles long.

Examiner Burchmore: Do you operate a regular train service?

Mr. Rosborough: Yes, sir.

Examiner Burchmore: Any time tables?
Mr. Rosborough: No; there is no time table.
Examiner Burchmore: How many trains daily?

Mr. Rosborough: One train each way.

Examiner Burchmore: Does that train make connections with the Iron Mountain passenger trains?

Mr. Rosborough: No; it leaves the mill at 6:30 and goes

1085 back about 5:30.

Examiner Burchmore: Does it carry any passengers at the present time?

Mr. Rosborough: We permit passengers to ride on it free of charge at their own risk.

Examiner Burchmore: It is contemplated to establish a passenger service?

Mr. Rosborough: We expect to have a passenger and mail service in the next 60 days.

Examiner Burchmore: You handle less than carload freight without charge to the public?

Mr. Rosborough: We do to all that is offered us.

Examiner Burchmore: Does that less than carload freight come

to you under through billing from the Iron Mountain?

Mr. Rosborough: No, the only freight that we have taken in that way has been brought by the people living out on our line from various concerns and shipped out.

Examiner Burchmore: Does the Iron Mountain agent at Rosborough ever tender to your trainmen package shipments to be taken out and delivered to shippers along your line?

Mr. Rosborough: He never has to my knowledge.

Examiner Burchmore: You estimated the tonnage taken last year as 150,000 tons. For the previous fiscal year our 1086 records would indicate that the tonnage was about 107,000 tons.

Mr. Rosborough: Well, we ran the mill day and night part of the past year.

Examiner Burchmore: That is a substantial increase in your tonnage?

Mr. Rosborough: Yes.

Examiner Burchmore: For the preceding fiscal year, out of that 107,000 estimated total tonnage of your road, our records indicate that 106,875 tons, that is, all but 50 tons, was furnished by the Caddo River Lumber Company; that is a little in excess of 99 per cent. In your opinion, are those figures accurate for the preceding

Mr. Rosborough: We keep our records very accurately, and I think you can reasonably count on anything we sent you in the way of records as being correct.

Examiner Burchmore: There has been, then, a fifty per cent increase, substantially, in your total tonnage for the present fiscal year over the preceding fiscal year. Has there been a similar increase in the tonnage offered by the public, or a greater increase?

Mr. Rosborough: I could not answer that intelligently, 1087 Examiner Burchmore: In other words, for the year ending June 30, 1910, was 99 per cent of your traffic handled for the controlling interests?

Mr. Rosborough: I could not answer that,

Examiner Burchmore: Does the Iron Mountain Railroad set the empty cars at your mill for loading the lumber?

Mr. Rosborough: No, the Caddo & Choctaw set all the cars and do all the switching. Examiner Burchmore: Set them back and switch them, and all?

Mr. Rosborough: Yes.

Examiner Burchmore: Where is the bill of lading issued and by whom?

Mr. Rosborough: It is issued by the Caddo & Choctaw Railroad Company.

Examiner Burchmore: At its office in Rosboro?

Mr. Rosborough: Yes, sir.

Examiner Burchmore: When is it issued?

Mr. Rosborough: It is issued when the cars are loaded.

Examiner Burchmore: With finished lumber?

Mr. Rosborough: Yes, sir.

Examiner Burchmore: Where is the bill of lading dated as to point of origin?

Mr. Rosborough: Spears, Arkansas.

Examiner Burchmore: Then the bill of lading is issued for a carload of lumber as originating at Spears?

Mr. Rosborough: Yes.

Examiner Burchmore: But is actually issued when that carload has just been loaded at the mill in Rosboro?

Mr. Rosborough: Yes, sir.

Examiner Burchmore: Do you issue any way bills?

Mr. Rosborough: Yes.

Examiner Burchmore: Where do those way bills read from?

Mr. Rosborough: From Spears.

Examiner Burchmore: And they show your company as the carrier up to Rosboro?

Mr. Rosborough: They show the Caddo & Choctaw Railroad Company as delivering this stuff to the Iron Mountain at Rosboro. Commissioner Harlan: Do the railway employees load or unload

the cars or participate in the loading or unloading?

Mr. Rosborough: Yes, sir.

Commissioner Harlan: At both ends?
Mr. Rosborough: Yes, sir,

1089 Examiner Burchmore: Do you receive a salary as an officer of the railroad company?

Mr. Rosborough: No.

Examiner Burchmore: Do any of the officers of the railroad company receive salaries?

Mr. Rosborough: Yes.

Examiner Burchmore: What ones?

Mr. Rosborough: The auditor and traffic manager.

Examiner Burchmore: Those are two different persons?

Mr. Rosborough: That is one person.

Examiner Burchmore: Who is the traffic manager today?

Mr. Rosborough: O. H. Helwig.

Examiner Burchmore: Is he an officer of any other tap line?

Mr. Rosborough: I think perhaps he is.

Examiner Burchmore: He seems to be the traffic manager also of the Prescott & Northwestern, of Prescott, Arkansas.

Mr. Rosborough: Yes, sir.

Examiner Burchmore: Any relation between that company and your company?

Mr. Rosborough: None other than that part of the stockholders

of the Ozan Land & Lumber Company are stockholders in the Caddo River Lumber Company.

1090 Examiner Burchmore: Do you receive any interstate passes over the Iron Mountain?

Mr. Rosborough: Yes, sir.

Examiner Burchmore: Over any other railroad?

Mr. Rosborough: One other.

Examiner Burchmore: What railroad? Mr. Rosborough: The Chicago & Alton.

Examiner Burchmore: Do the other officers, or any of them-

Mr. Rosborough: I can only answer for myself.

Examiner Burchmore: You do not know whether the other officers receive passes?

Mr. Rosborough: No. I have never seen any.

Examiner Burchmore: Do you actually use those passes?

Mr. Rosborough: I have never used the Chicago & Alton; I have the Iron Mountain.

Examiner Burchmore: Does the Caddo & Choctaw Railroad Company issue any passes?

Mr. Rosborough: It has not up to the present.

Examiner Burchmore: What is the basis of the rates applied on lumber from points on your line; that is, does the junction line rate apply back to points on your line?

Mr. Rosborough: I do not understand your question. Give it to

me a little differently.

Examiner Burchmore: What is the rate published by the Iron Mountain on lumber from its station at Rosboro to St. Louis?

Mr. Rosborough: Eighteen cents.

Examiner Burchmore: What is the joint rate applying from Spears?

Mr. Rosborough: Eighteen cents.

Examiner Burchmore: It is the same rate?

Mr. Rosborough: Yes.

Examiner Burchmore: And that is true of all destinations, practically?

Mr. Rosborough: It is, so far as I know.

Examiner Burchmore: You receive a uniform division of four cents per 100 pounds?

Mr. Rosborough: Yes, sir-well, I think that there are some few points in Oklahoma on the Rock Island Road perhaps where there is a two cent division.

Examiner Burchmore: Is there any lumber traffic on which you do not receive a division?

Mr. Rosborough: We do not receive any for Arkansas.

Examiner Burchmore: What earnings do you receive on a car shipped in Arkansas?

Mr. Rosborough: We have a local tariff of four cents per 1099 100 pounds, the Arkansas tariff. I have it in my pocket, if you would like it.

Examiner Burchmore: You actually charge that on that lumber?

Mr. Rosborough: Anything we ship to Arkansas, yes, sir,

Commissioner Harlan: What is the relation between the Caddo River Lumber Company and the other company to which you have

just referred?

Mr. Rosborough: Well, the interests are not identical, by any means. More than half of the stock owned by the Caddo River Lumber Company has no connection with the Ozan Lumber Company.

Commissioner Harlan: What is the relation between the Prescott

& Northwestern and the Caddo River Lumber Company?

Mr. Rosborough: The same as there is between the two mills, I suppose. They have nothing in common at all.

Commissioner Harlan: There simply happens to be stockholders

in both companies that are the same?

Mr. Rosborough: Yes, sir, but it is not the same capital at all. Commissioner Harlan: It is not directed by any holding 1093 company?

Mr. Rosborough: No.

Commissioner Harlan: The policies of the two companies have

no relation to each other?

Mr. Rosborough: No, they are absolutely different. I have not a penny of stock in the Ozan Lumber Company or the Prescott & Northwestern.

Commissioner Harlan: Not interested in its policy?

Mr. Rosborough: Not a particle, and have nothing to do with it. Examiner Burchmore: We have not the figures here for the last fiscal year ending June 30, 1910.

Mr. Rosborough: Well, they have been furnished. It was a little

late on account of my being absent.

Examiner Burchmore: Well, for the fiscal year ending June 30, 1909, the operating revenues of your company were apparently \$19,660,60, on traffic supplied by the Caddo River Lumber Company, \$25 on other traffic, and \$2.96 of miscellaneous revenue, making \$19,688.62 as the total revenue. The total operating expenses were but \$6,924.40. This leaves a net revenue of \$12,764.22, which was carried to surplus, according to your report.

Mr. Rosborough: Yes, sir, that is true.

Examiner Burchmore: That represents approximately the 1094 profit from the operation of the road?

Mr. Rosborough: Yes.

Examiner Burchmore: Is the profit for the year ending June 30. 1910, substantially the same?

Mr. Rosborough: I will give it to you. Examiner Burchmore: Give the figures.

Mr. Rosborough: Yes, sir. The net, after taxes and everything has been paid, is \$12,167.29.

Examiner Burchmore: That is, excluding any interest payments? Mr. Rosborough: That is excluding any interest payments, yes,

Examiner Burchmore: And that is on a total operating revenue

of what amount?

Mr. Rosborough: \$24,550.53.

Commissioner Harlan: Mr. McRae, have you any questions?

Mr. McRae: Will you state the grade upon which your road is built?

Mr. Rosborough: Practically on a one per cent grade. were two short places in the road that we have had to build on a two per cent grade. We try to maintain a one per cent grade.

Mr. McRae: In building this road, did you build it with a view of making it a permanent road?

Mr. Rosborough: Yes, sir, we did.

Mr. McRae: How far is it from the present western terminus of that road, or southwestern terminus, to the northwestern terminus of the Prescott & Northwestern?

Mr. Rosborough: Well, here is only a distance—I don't know exactly, but I should not suppose there was over six or seven miles distance.

Mr. McRae: How far to the eastern terminus of the De Queen & Eastern?

Mr. Rosborough: I think about 20 miles.

Mr. McRae: How far is the western terminus at Rosborough from the eastern terminus of the Glenwood & Hot Springs?

Mr. Rosborough: Four miles.

Mr. McRae: How far is it from Glenwood to Hot Springs?

Mr. Rosborough: About 35 miles.

Mr. McRae: Is it practicable to build a railroad through there to Hot Springs?

Mr. Rosborough: Yes, sir.

Mr. McRae: Is it practicable to extend your road west or southwest to connect with these other roads I have men-1096 tioned?

Mr. Rosborough: Yes.

Mr. McRae: In constructing this road, you have built it on this grade, standard gauge, and equipped it with 56 pound steel with a view of utilizing it as a railroad?

Mr. Rosborough: Our steel is 55 pound. Mr. McRae: Your steel is 55 pound?

Mr. Rosborough: Yes, sir, but that was the intention.

Mr. McRae: Is the country through which you have built this 14 miles of road such as can be developed, and is there agriculture and other interests there to be served by a railroad?

Mr. Rosborough: Yes, sir, on both sides of it.

Mr. McRae: Have you built your road only up to your timber, or have you built it into your timber, and if so, how far into the timber?

Mr. Rosborough: Well, we are getting our logs now from about eight miles from the mill and the road is completed 14 miles.

Mr. McRae: What is the object of building your road beyond the point where you get your logs?

Mr. Rosborough: To increase the revenue of the road, and 1097 to build up the country, and satisfy the people.

Mr. McRae: Serve the people that you speak of at Daisy,

and are there other communities?

Mr. Rosborough: Yes.

Mr. McRae: How about Kirby?

Mr. Rosborough: There is a town of Kirby.

Mr. McRae: And is there a prosperous agricultural community within two or three miles of the railroad?

Mr. Rosborough: Yes, sir.

Mr. McRae: Who have assured you of business if you would equip your road for commercial purposes?

Mr. Rosborough: Yes.

Mr. McRae: And you have built it as rapidly as has been practicable under the conditions since you incorporated?

Mr. Rosborough: Yes, as fast as we could get the money.

Mr. McRae: You incorporated about the time the panic began?

Mr. Rosborough: Yes.

Mr. McRae: And had a pretty hard time to get money?

Mr. Rosborough: Yes.

Mr. McRae: And you have put all the money you could into it, and have built it as rapidly as you could, with an idea of making a permanent road?

Mr. Rosborough: Yes.

Mr. McRae: No idea of abandoning it?

Mr. Rosborough: No, no idea whatever. It is chartered under the State of Arkansas, and we could not abandon it if we wanted to, Mr. McRae: You feel that if you get the usual divisions allowed a

railroad you will make a financial success?

Mr. Rosborough: Yes, sir. Our earnings last year showed a little over six per cent earnings.

Mr. McRae: Is your road assessed for taxes as the Fort Smith &

Gurdon branch of the Iron Mountain is?

Mr. Rosborough: Yes. sir.

Mr. McRae: Does the company report to the State Commission?

Mr. Rosborough: Yes.

Mr. McRae: Do you make your reports annually and monthly to the Interstate Commerce Commission?

Mr. Rosborough: Yes.

Mr. McRae: Have you the certified copy from the record of the Railroad Board of Commissioners with you?

Mr. Rosborough: It is in the hotel. I haven't it with me here.

Mr. McRae: Will you file that with the stenographer as

1099 an exhibit to your deposition?
Mr. Rosborough: Yes, sir.

Commissioner Harlan: What does that show?

Mr. McRae: It is a certificate of the incorporation by the Railroad Board of the State.

Commissioner Harlan: It is proffered to show that it is regarded by the State Commission as a common carrier.

Mr. McRae: Yes.

Commissioner Harlan: It need not be filed, but it will be understood that that does show that it was authorized by the State Commission to act as a common carrier in the State of Arkansas.

Mr. McRae: Do you keep the books of your railroad separate from those of the lumber company?

Mr. Rosborough: Yes.

Mr. McRae: And your bank account the same way?

Mr. Rosborough: Yes, sir, we have separate bank accounts.

Mr. McRae: Do you publish your tariff?

Mr. Rosborough: Yes.

Mr. McRae: And concur in the tariffs of the road with which you connect?

Mr. Rosborough: Yes, sir.

Mr. McRae: And in which you are named as a party?

1100 Mr. Rosborough: Yes.

Mr. McRae: Have you stated the number of employees you have in the railroad company?

Mr. Rosborough: We now have about 25, but when our last year's

report was put in, we had about 15.

Mr. McRae: You say you have made application for carrying the mail. Have there been applications from the people there for the appointment of post offices, and if so, how many between Rosboro and Cooper?

Mr. Rosborough: Two post offices.

Mr. McRae: You say you have arranged for the laying out and platting of a town at Cooper?

Mr. Rosborough: Yes, sir.

Mr. McRae: How far have you progressed with that?

Mr. Rosborough: We have had an abstract—lands have been

abstracted and a depot has been under construction.

Mr. McRae: You spoke of 50 cents on the log road. When you refer to the log road, you mean the tram road; that is, the spur. That is not the Caddo & Choctaw Railroad?

Mr. Rosborough: Well, I really mean that the mill company pays in addition to the divisions 50 cents per thousand for the

train service.

Mr. McRae: Is that train service over the Caddo & Choctaw incorporated line, or for hauling it over the spurs?

Mr. Rosborough: Well, they can construe that just as they choose.

That is what they get out of it.

Mr. McRae: You go out over the spurs and bring it in, and charge 50 cents?

Mr. Rosborough: Yes.

Mr. McRae: Is it worth 50 cents to haul it over the spurs?

Mr. Rosborough: Yes, sir.

Mr. McRae: You said you have one engine. Have you any orders for another engine?

Mr. Rosborough: Yes, sir, we have another order in that has been in since last July for a fully equipped engine that is to cost us between \$12,000 and \$13,000, equipped with headlight and all modern appliances.

Mr. McRae: I believe that is all.

Commissioner Harlan: How many acres of timber does the Caddo River Lumber Company own?

Mr. Rosborough: In the neighborhood of 30,000 acres.

Commissioner Harlan: Has it any timber rights in addition to that?

Mr. Rosborough: You mean timber on land that does not 1102 belong to the company?

Commissioner Harlan: Yes.

Mr. Rosborough: Yes, there is some of that.

Commissioner Harlan: What is the extent of that?

Mr. Rosborough: I don't know. It is all mixed up together, it

is all told in this 30,000 acres.

Mr. McRae: Is it not true that the majority of the Stock of the Caddo River Lumber Company and also a majority of the stock of the Caddo & Choctaw Railroad Company is owned by people who are not in any way connected with the Prescott & Northwestern Railroad Company?

Mr. Rosborough: Yes, sir, that is absolutely true.

Mr. McRae: From whom did you buy the first timber holdings for the Caddo River Lumber Company?

Mr. Rosborough: From the Ozan Lumber Company.

Mr. McRae: And in that negotiation the stockholders of that company took a certain per cent of the stock for the purchase money; is not that true?

Mr. Rosborough: That is true?

Mr. McRae: And in that way they are interested?

Mr. Rosborough: Yes.

1103 Mr. McRae: They have no control over it?

Mr. Rosborough: No, sir; they have no control over it, or

management.

Mr. McRae: And your company has no control over the management connected with its line or the mill operated by that management?

Mr. Rosborough: No.

Commissioner Harlan: Judge Cowan, have you any questions?
Mr. Cowan: Are all these logging roads projected to Hot Springs practicable as railroad propositions?

Mr. Rosborough: Well-

Mr. Cowan: There have been a good many gentlemen testifying and it seems everybody intends to build a road to Hot Springs, and I am curious to know whether there is traffic there to build all these roads into Hot Springs.

Mr. Rosborough: Well, the Hot Springs people offered \$100,000

for a road running in there from our country.

Mr. Cowan: Well, I was speaking of the traffic; that is all,

Mr. Rosborough: Well, I guess that is sufficient, is it not, to know that they have wanted one coming in from the West?

Mr. Cowan: That is a sufficient answer, no doubt. You are handling pine timber altogether, are you?

Mr. Ro-borough: Well. no; the railroad company hauls staves

and stave bolts, and that is oak.

Mr. Cowan: Well, your lumber company is engaged in the manufacture of pine?

Mr. Rosborough: They are manufacturing pine except with the exception they do saw a little oak for bridge timbers for the Caddo & Choctaw Railroad Company.

Mr. Cowan: The tariff rates on the logs at 50 cents a hundred, ap-

plies over all timber spurs?

Mr. Rosborough: Well, I think-

Mr. Cowan: You charge 50 cents a thousand. I do not know as I understand it exactly, but I suppose it means for the entire haui from the spurs where they get the logs on the car up to the mill.

Mr. Rosborough: We get a 4 cent division, you know.

Mr. Cowan: I understand that, but I am speaking of the 50 cents on the logs. What service does that pay for, the entire service from the stump?

Mr. Rosborough: No, we would not be satisfied with 50 cents a

thousand.

Mr. Cowan: Well, in so far as it pays for anything, it pays partly for that service from the stump to the mill?

Mr. Rosborough: Well, the railroad equipment hauls the logs off the spurs to the main line, and from the main line they take it on into the mill and—

Mr. Cowan: What does the 50 cents pay for, or does it pay for

both?

Mr. Rosborough: It certainly does not pay for both.

Mr. Cowan: It is applied in the direction of which movement? Mr. Rosborough: I will tell you how we figure that. We figure

that the railroad company gets for their service \$1.50 per thousand. We figure that the four cents brings them in \$1.00 and the 50 cents brings them in 50 cents, and we figure they get \$1.50 a thousand through that channel.

Mr. Cowan: But you do not try to segregate the service, one part performed by you where the logging road connects with the railroad tracks, and the other up to the mill, you do not try to segregate

the two services on the logs?

Mr. Rosborough: Well, the 50 cents practically covers the spur work, hauling it over the spurs, it is certainly worth 50 cents to haul logs over the spur.

1106 Mr. Cowan: You keep no accounts which show the separation of the service?

Mr. Rosborough: No, we do not.

Mr. Cowan: Is any of that refunded?

Mr. Rosborough: No. sir. not a penny of it.

Mr. Cowan: So that the railroad company is logging your mill, and you are paying them 50 cents a thousand feet for that, and the lumber rate you consider pays from the junction point when the lumber is shipped out, four cents, is that the way of it?

Mr. Rosborough: I think so, ves. sir.

Mr. Cowan: You do not connect with any other railroad except the Iron Mountain?

Mr. Rosborough: No. sir.

Mr. Cowan: Are you acquainted with the situation of saw mills

in Arkansas generally, with respect to the way the business is handled with trunk line railroads?

Mr. Rosborough: I can only speak from our own standpoint, sir. Mr. Cowan: Well, personally, do you know the location and situation of the saw mill industry tracks, and the trunk line tracks?

Mr. Rosborough: No. I do not personally know anything about anything about anything, except our own business.

Mr. Cowan: Well, you find out whether other people get divisions of the rates, of course, and you want to get as good as they do?

Mr. Ro-borough: Well, I find we are not getting as good as some of them, but I didn't really know it until I came to this meeting.

Mr. Cowan: Does that put you to a disadvantage?

Mr. Rosborough: Well, perhaps they are giving more service than We would take more, of course, if that is what you are we are. getting at.

Mr. Cowan: Well, does the fact that one man gets four cents and another gets six cents affect the profit of your lumber transactions?

Mr. Rosborough: Not if it costs two cents more for the other man to perform his railroad service.

Mr. Cowan: Suppose it costs the same.

Mr. Rosborough: Well, if it costs the same there might be some discrimination, but I am not able to say whether they are the same. As we extend our road, we will expect greater divisions.

Mr. Cowan: Although your saw mill still remains at the 1105 junction point of the main line road?

Mr. Roshorough: Yes. sir.

Mr. Cowan: How much service do you perform in handling the lumber from your mill over to the Iron Mountain?

Mr. Rosborough: Well, that has been answered.

Mr. Cowan: Has it?

Mr. Roshorough: Yes, sir.

Mr. Cowan: All right. In regard to the ownership of stock in the railroad company, is that a beneficial thing in the way of getting money? There are no dividends paid.

Mr. Ro-borough: Not a cent.

Mr. Cowan: All the earnings go to pay the interest or into surplus account, and it does not accumulate to the stockholders in the form of dividends?

Mr. Rosborough: The stockholders never have been paid a cent

of the Caddo & Choctaw carnings.

Mr. McRae: All of the earnings have gone into the construction and equipment of the road?

Mr. Roshorough: Yes. sir.

Mr. McRae: This 50 cent charge, what would it cost to haul the logs from the stump where the logs are cut, after they are loaded on the car, over the spur to the line of your road? Your incorporated road? What is that service worth?

Mr. Rosl orough: Well, it is certainly worth 50 cents.

Mr. McRae: When you say you get 50 cents for hauling the logs. you do not mean to say that you get any more for that service than it is worth to haul it to the line?

Mr. Rosborough: No.

Mr. McRae: But in a general way you just understand you have gotten the 50 cents?

Mr. Rosborough: Yes.

Mr. McRae: Speaking of the road through to Hot Springs, if those connections were made, what would you estimate would be the difference in time in reaching Hot Springs from north Texas and south Oklahoma over those lines instead of around by the Iron Mountain by way of Benton?

Mr. Rosborough: I have really never figured on that, from a time table standpoint, but it would certainly save a good many miles and

perhaps a day's time.

Mr. McRae: What would it cost to get the log from the stump onto the car, loaded?

Mr. Rosborough: You mean from the woods, the log haul?

Mr. McRae: Yes,

Mr. Rosborough: About \$2,50 a thousand. 1110

Mr. McRae: The loading in addition to the haul? Mr. Rosborough: I do not really understand that question.

Mr. McRae: In addition to the hauling of the load, what would it cost to load the logs from the stump onto the car?

Mr. Rosborough: You mean to cut the trees in the woods, bring them to the spur lines and load them on the cars?

Mr. McRae: Yes.

Mr. Rosborough: That would cost an average of at least \$2.50. Mr. McRae: So it would cost about \$5,00 a thousand, ir cluding

transportation from the tree to the mill? Mr. Rosborough: Yes.

Commissioner Harlan: Mr. Jeffery, will you furnish a copy of the spur track agreement with the Caddo & Choctaw Railroad?

Mr. Jeffery: Yes, sir,

Mr. Cowan: I would like for you to file that tariff.

Mr. Rosborough: Which tariff?

Mr. Cowan: That shows that 50 cent charge, to show where the tariff says that the tariff applies to and from.

Mr. Rosborough: There is no tariff issued on that basis,

Mr. Cowan: Well, then there is no basis for making the

charge over the spur, if there is no tariff issued.

Mr. Rosborough: Well, yes, there is an agreement between the mill company and the railroad company, and the railroad company is getting credited that way each mouth, and their books will show it.

Mr. Cowan: But there is no tariff for that movement?

Mr. Rosborough: No, there is no tariff for that movement. have an Arkansas tariff, which I have in my pocket, which I can leave with the Commissioner, if he wants it, but we have no tariff on that basis.

Mr. Cowan I would like you to do that

Mr. Rosborough: Yes.

Mr. Cowan: That part of the road called a spur built out into the timber is not incorporated as a railroad?

Mr. Rosborough: No.

Mr. Cowan: So the Arkansas tariff could not apply to that?

Mr. Rosborough: No, but the railroad equipment engines haul that; they go down on the spurs and take their cars down there, and they get these logs and bring them down to the main line.

Mr. Cowan: But there could be no legal tariff over that line as

a railroad, because it is not incorporated?

12 Mr. Rosborough: I don't know anything about that.

Commissioner Harlan: You will not undertake to answer that question.

Mr. Rosborough: I will not undertake to answer that question.

(Witness excused.)

Whereupon, at 1:00 P. M. a recess was taken until 2:00 P. M.

1113

After Recess.

2:00 P. M.

Commissioner Harlan: Is the Elmore & Southwestern before the Commission?

(No response.)

Commissioner Harlan: The Enterprise Railway?

(No response.)

Commissioner Harlan: I thought the Enterprise Railway was

represented.

Mr. Brown: The Enterprise Railway is one of the four railroads of the Southern Pine System, and I am sure it would facilitate the inquiry if that could be postponed until the other roads making up that system are present.

Commissioner Harlan: How many are there?

Mr. Brown: Four.

Commissioner Harlan: There are three of them listed here now, and we will take the other one with those three, if you are ready

to go on now.

Mr. Brown: We are not quite ready to go on now, because there is some data we are expecting this afternoon with regard to the other three. That data pertains to the Enterprise Railway very largely.

1114 Commissioner Harlan: What kind of data?

Mr. Brown: Showing the contract relations and the man-

ner of operation with respect to the mill.

Commissioner Harlan. We will set the whole group, then, for the first thing in the morning. The Greenfield & Southwestern, or Greenfield & Southeastern, possibly; it is a little obscure at this point.

(No response.)

Commissioner Harlan: The Helena, Parkin & Northern.

(No response.)

Commissioner Harlan: The Homan & Southeastern.

(No response.)

Commissioner Harlan: The Homan & Eastern Line.

(No response.)

Commissioner Harlan: The Cornie & Sheridan.

(No response.)

Commissioner Harlan: The L'Anguille River Railway. Mr. Brown: Mr. Fry is here for that railroad, your Honor.

Mr. J. J. Coleman: Before going on with that, may I state that in the Chicago Lumber & Coal Company versus the Tioga & Southeastern, a great deal of testimony was taken in connection with

tap line rates and divisions, and if your Honor pleases; we would like to ask that that be made part of the record in

Commissioner Harlan: You refer to the testimony taken in New Orleans?

Mr. Coleman: I refer to the testimony taken in New Orleans and in St. Louis.

Commissioner Harlan: Well, it is my understanding that on that hearing the testimony then taken was attached, by order of the Commission, to the Star Grain & Lumber Case, and therefore that testimony will be before us in this investigation in connection with the Star Grain & Lumber case. It will be understood that

that testimony will form a part of this general record.

Mr. Cowan: Before your Honor begins, I make a suggestion probably the Commission can get it easier than the attorneys can, that we apply to the Louisiana Commission for a railroad map which shows the tap lines and logging roads in Louisiana. They have an excellent map of that sort. I have seen one copy, and it will be of great advantage if we can get it in the record. I mention it now lest we forget it.

Commissioner Harlan: Commissioner Taylor of that Commission

was here a day or two ago.

1116 Mr. Cowan: Mr. Barrow, the Secretary, is here Commissioner Harlan: Is Mr. Barrow here now?

Mr. Cowan: He is not in the room.

Commissioner Harlan: We will make that application.

Mr. Cowan: On application, I have no doubt they will furnish a sufficient number of copies for the parties interested.

1117 L'Anguille River Railway Company.

THOMAS W. FRY was called as a witness, and having been duly sworn, testified as follows:

Commissioner Harlan: Your name is

Mr. Frey: Thomas W. Fry.

Commissioner Harlan: Where do you live?

Mr. Fry: St. Louis,

Commissioner Harlan: What is your business?

Mr. Fry: I am secretary of the Charles F Luchrmann Lumber Company.

Commissioner Harlan: Is that an incorporated company?

Mr. Fry: Yes, sir, at St. Louis, Missouri.

Commissioner Harlan: Has it any relations with any railroad company?

Mr. Fry Not directly, no, sir,

Commissioner Harlan: Have its stockholders any relation to any

railroad company?

Mr. Fry: Some of the stockholders of the Luchrmann Lumber Company have stock in the L'Anguille River Railway Company, Commissioner Harlan: Are you personally connected with the

railroad company?

Mr. Fry: I have some stock in it. 1118 Commissioner Harlan You are not an officer in it?

Mr. Frv: No.

Commissioner Harlan: Do you know anything about it?

Mr. Fry: Well, somewhat about the organization of it.

Commissioner Harlan: Is there any officer of that company here?

Commissioner Harlan: Are you prepared to give us all we want about the history of that road and its organization?

Mr. Fry: Yes, sir.

Commissioner Harlan. And the details of its operations?

Mr. Fry: I think so.

Commissioner Harlan: And all about its annual reports, and things of that kind?

Mr. Fry: I will try to give you all I can.

Commissioner Harlan: Can you tell us why there is not some

officer of the road here?

Mr. Fry: I do not know a thing about that, except on Saturday afternoon Mr. Luchrmann, who had intended to come down here. who is president of the road, wired me about four o'clock in the afternoon that he could not come down, and asked me

1119 to come down.

Commissioner Harlan: You think you are qualified with the necessary information to tell us about this road?

Mr. Fry: I think so; yes, sir.

Commissioner Harlan: Very well; now, tell us when that road was organized.

Mr. Fry: In 1902.

Commissioner Harlan: Under the laws of what state?

Mr. Fry: Arkansas.

Commissioner Harlan: And for what general purposes?

Mr. Fry: For hauling merchandise from the L'Anguille River to the Iron Mountain Railroad.

Commissioner Harlan: Was the road constructed at the time of the incorporation of the railroad company?

Mr. Fry: No. sir.

Commissioner Harlan: How soon afterwards was it constructed? Mr. Fry: Immediately afterward.

Commissioner Harlan, Starting out from what point?

Mr. Fry: From a connection with the Iron Mountain, and running in a general circular direction to the L'Anguille River.

1120 Commisssioner Harlan: What do you call that junction point?

Mr. Fry: That is at Marianna proper.

Commissioner Harlan: Where is Marianna on the map of Arkan-

Mr. Fry: Right on the Helena & Winn branch of the Iron Mountain.

Mr. Cowan: That is in the hard wood district?

Mr. Fry: Yes, sir.

Commissioner Harlan: What is the length of that road?

Mr. Fry: 1.7 miles.

Commissioner Harlan: How long did it take the railroad company to construct it?

Mr. Fry: I think it was about four or five months.

Commissioner Harlan: And at what cost?

Mr. Fry: The total cost of the railroad right of way and rails, without the equipment, was a little over \$13,000.

Commissioner Harlan: From whom was the right of way purclused?

Mr. Fry: From a variety of persons, and one small piece by condemnation.

Commissioner Harlan: Has it station facilities at Marianna? Mr. Fry: That is the junction with the Iron Mountain 1121 Railroad.

Commissioner Harlan: That is not a town?

Mr. Fry: Marianna is a town, and the junction is right in part of the town; the Iron Mountain runs through Marianna.

Commissioner Harlan: Has the L'Anguille River Railroad any station of its own there?

Mr. Fry: No.

Commissioner Harlan: It joins with the Iron Mountain?

Mr. Fry: It joins with the Iron Mountain on an interchange track.

Commissioner Harlan: It does not have any station expense there at all?

Mr. Fry: No.

Commissioner Harlan: Is there any mill near its junction with the Iron Mountain?

Mr. Fry: There is one mill near there, but it does not ship on the L'Anguille River Railway. It ships on the Iron Mountain.

Commissioner Harlan: Is there any mill on the L'Anguille River Railway?

Mr. Fry: Two on the other end. One is named Deutsch, owned by the Indiana-Arkansas Lumber & Manufacturing Company, and the other is Rivet, on which the Miller Lamber

Company is located, and there is a lumber yard belonging to McDonald Brothers at a point called Hilly.

Commissioner Harlan: Has the L'Auguille River Railway any equipment?

Mr. Fry: Just two locomotives, Commissioner Harlan: No cars?

Mr. Fry: No. no cars.

Commissioner Harlan: Is there any logging railroad that joins 119

Mr. Fry: No, sir; all of the logs for the mills we ship over it are brought in by the river, and have nothing whatever to do with it. Commissioner Harlan: Brought in on the L'Anguille River?

Mr. Fry: Yes, sir.

Commissioner Harlan: And is the mill of the Miller Lumber Company on the river?

Mr. Fry: Yes, sir.

Commissioner Harlan: How close to the rails of the L'Anguille

River Railway?

Mr. Fry: They have a little spur track running right down to the river; likewise with the Indiana & Arkansas Company; they are also located on the river, and bring in all their logs

by river. Commissioner Harlan: Their logs are floated?

Mr. Fry: They are pulled up; they are floated down the St. Francis to the L'Anguille River, and pulled up by boats.

Commissioner Harlan: Those boats are operated by whom?

Mr. Fry: The lumber company.

Commissioner Harlan: And belong to them?

Mr. Fry: Yes, sir.

Commissioner Harlan: What distance are the logs floated and pulled by water?

Mr. Fry: From ten miles to about 75 miles.

Commissioner Harlan: And from forests belonging to these lumber companies?

Mr. Fry: Largely belonging to them, and from logs purchased

in the open market.

Commissioner Harlan: The logs so purchased are also floated and pulled here by water?

Mr. Fry: Yes, sir.

Commissioner Harlan: Is it all hard wood?

Mr. Fry: Yes, sir, except some cypress.

Commissioner Harlan: Who furnished the capital for the

1124 construction of this railroad?

Mr. Fry: The stockholders.

Commissioner Harlan: Who are the officers?

Mr. Fry: Mr. George Luchrmann and Mr. Ed Luchrmann.

Commissioner Harlan: Is he president?

Mr. Fry: Mr. George Luehrmann is president.

Commissioner Harlan: And Mr. Ed Luehrmann?

Mr. Fry: Treasurer.

Commissioner Harlan: Who are the other officers?

Mr. Fry: Mr. Miller is vice-president and Mr. Max Miller is

general manager.

Commissioner Harlan: Are they officers of the lumber company? Mr. Fry: Mr. George Luchrmann is president of the Indiana & Arkansas Lumber Company and Mr. Ed Luehrmann is vice-president of the Luchrmann Lumber Company and Mr. Miller is president of the Miller Lumber Company and Mr. Houck the secretary of the L'Anguille River Railway is an officer, but I am not sure what officer he is, of the Miller I suber Company,

Commissioner Harlan: What is the authorized capital stock of the company?

1125 Mr. Fry: \$10,000

Commissioner Harlan: And it has expended \$13,000? Mr. Fry: On railway roadbed, and about \$5,000 on equipment.

Commissioner Harlan: What about the rails?

Mr. Fry: I say, on the railroad roadbed and rails, about \$13,000, and on equipment a little over \$5,000.

Commissioner Harlan: Who owns that stock, the \$10,000 that

has been issued?

Mr. Fry: I can give you all the names of the stockholders, if you would like.

Commissioner Harlan: If you will, please, and the amounts.

Mr. Fry: I would have to refer to—I telegraphed this morning for an exact list, to see if there had been any changes in the stock book. I will have that answer this afternoon, and if you will permit me, I would like to file it afterwards.

Commissioner Harlan: Very well, that may be done. But in general, are the stockholders of the railroad company also stock-

holders in the Luehrmann Lumber Company?

Mr. Fry: No, sir, about half of them are.

Commissioner Harlan: And the other half are stockholders in some other lumber company?

1126 Mr. Fry: The Miller Lumber Company and the Indiana

& Arkansas.

Commissioner Harlan: The mill here belongs to the Luchrmann Lumber Company?

Mr. Fry: To the Indiana & Arkansas Lumber & Manufacturing Company, and the Miller Lumber Company.

Commissioner Harlan: There are two mills?

Mr. Fry: Yes, sir,

Commissioner Harlan: Where is the mill of the Luchrmann Lumber Company?

Mr. Fry: We have no mill there. They have a mill up further

in Arkansas, but not at Marianna.

Commissioner Harlan: And neither of these lumber companies have a mill on this line, owning a forest on the line?

Mr. Fry: I did not catch that. -

Commissioner Harlan: Neither of these mills own any timber land along this road?

Mr. Fry: Not on the line, but on the L'Anguille River,

Commissioner Harlan: Well, you said that was 75 miles away. Mr. Fry: From ten to 75 miles away; that is, by river; of course those distances vary on account of the river line.

1127 Commissioner Harlan: Does the Miller Company own any mill elsewhere?

Mr. Fry: I think in Louisiana, but I am not sure,

Commissioner Harlan: Wave they on the lien of the Luchrmann & Western Railway?

Mr. Fry: No.

Commissioner Harlan: Has the Indiana & Arkansas Company any mill on that line?

Mr. Fry: No. sir.

Commissioner Harlan: Has the Luehrmann Lumber Company?

Mr. Fry: Yes, sir.

Commissioner Harlan: Where is that line? The Luchrmann & Western?

Mr. Fry: Running down from a point at the intersection of the Iron Mountain and the Black River, immediately north of Knobel and south of Corning.

Commissioner Harlan: The Miller Lumber Company and the Indiana & Arkansas Lumber Company own all the stock in this

railroad?

Mr. Fry: No, the stockholders of those two companies own all the stock.

Commissioner Harlan: Well, I meant it in that sense.

Mr. Fry: Yes, sir. 1128

Commissioner Harlan: Have you any station at Deutsch?

Mr. Fry: We have no regular separate building; no, sir.

Commissioner Harlan: You mentioned another point near Deutsch, did you not?

Mr. Fry: Hilly and River.

Commissioner Harlan: You have not any station there, either?

Mr. Fry: No separate station.

Commissioner Harlan: Is there any community on the line of this railroad?

Mr. Fry: Other industries?

Commissioner Harlan: Any community, any population? Mr. Fry: Well, Marianna. If you will look at the map, Marianna occupies this ground in and around here (indicating). farther you get away from here, the farther you are away from the town.

Commissioner Harlan: That is the point of connection with the

Iron Mountain, or substantially so?

Mr. Fry: Yes, sir.

Commissioner Harlan: At the other end of the track, is there any population, farming population?

Mr. Fry: Right across the river, the farther you get away 1129

from the town the more farms there are. Commissioner Harlan: Do you move any traffic for them?

Mr. Fry: A slight amount, but not a great deal, but it is growing as the ground is being opened up.

Commissioner Harlan: What was the total tonnage last year?

Mr. Fry: About 35,000 tons.

Commissioner Harlan: And of that amount, what came from

these outside shippers?

Mr. Fry: I have not got that exactly in tons, but it is practically about 15 per cent outside. I will file a statement with the Commission, with your permission, giving the exact amount.

Commissioner Harlan: If you will, very well. Do you move any

mail or express matter?

Mr. Fry: No.

Commissioner Harlan: Carry any passengers?

Mr. Fry: No.

Commissioner Harlan: Pay any dividends on the railroad stock?

Mr. Fry: Not yet.

Commissioner Harlan: Have you made any net profits? 1130 Mr. Fry: We have accumulated a surplus of about \$8,000. Commissioner Harlan: From the beginning in 1902 to

date?

Mr. Fry: Yes, sir.

Commissioner Harlan: Have you made any expenditures out of income on the roadbed?

Mr. Fry: We have expended our surplus.

Commissioner Harlan: The surplus you have just mentioned has been expended on the improvement of the roadbed?

Mr. Fry: Yes, sir,

Commissioner Harlan: What is the character of the track there? Mr. Fry: Circular and very hilly and a grade of about 431/2 feet in the mile.

Commissioner Harlan: Is it ballasted? Mr. Fry: As well as we can; yes, sir,

Commissioner Harlan: What kind of rail have you?

Mr. Fry: 56 and 60 pound.

Commissioner Harlan: Do the officers of the railroad company receive any salaries?

Mr. Fry: Yes, sir.

Commissioner Harlan: Will you be kind enough to state what the salaries are?

1131 Mr. Fry: The salaries of the general officers last year were 86,480. Commissioner Harlan: Do they also receive salaries from the lum-

ber company? Mr. Fry: Well, neither of the two first officers receive any salaries from the Indiana & Arkansas Company, and I presume that Mr. Miller does receive some salary from his own company, but I am not sure of it.

Commissioner Harlan. This road, then, hauls only the manufac-

tured lumber?

Mr. Fry: Yes, sir.

Commissioner Harlan: And it goes into Memphis, I suppose, largely, does it not?

Mr. Fry: No, it goes to the north central states, a majority of it. Commissioner Harlan: Over the Iron Mountain?

Mr. Fry: Over the Iron Mountain.

Commissioner Harlan: And what kind of rates are in effect for that traffic?

Mr. Fry: The rate is 12 cents into St. Louis, and 20 cents into Chicago.

Commissioner Harlan: Of the 20 cent rate, what division 1132 does the L'Anguille River Railway receive?

Mr. Fry: Two cents,

Commissioner Harlan: And to St. Louis?

Mr. Fry Two cents: a flat division on interstate business.

Commissioner Harlan: On all interstate business?

Mr. Fry: Yes. sir.

Commissioner Harlan: On state business, what does it receive?

Mr. Fry: Nothing.

Commissioner Harlan: Is there any state business?

Mr. Fry: Some.

Commissioner Harlan: And that is free of charge?

The railroad Mr. Fry: Free of any division from the railroad. makes an extra charge of two cents per 100 pounds. Commissioner Harlan: But the L'Anguille River Railroad does

not receive anything? Mr. Fry: From the connecting roads, no, sir.

Commissioner Harlan: Does it receive anything from the shippets?

Mr. Fry: Two cents.

Commissioner Harlan: How many employes has the railroad?

Mr. Fry: I think about ten or eleven.

Commissioner Harlan: Well, you said it only had two 1133 locomotives and has no equipment. Whose equipment is used?

Mr. Fry: The Iron Mountain.

Commissioner Harlan: And you haul it in to the mill?

Mr. Fry: Haul it in and haul it out.

Commissioner Harlan: What do these ten or eleven employees do? I do not refer to the engineer and firemen, but the others?

Mr. Fry: The trackman and-

Commissioner Harlan: Do they do any loading or unloading?

Mr. Fry: No, sir.

Commissioner Harlan: Where is the car loaded, at the planing mill?

Mr. Fry: There are two planing mills and two saw mills. Of course the planing mill products are loaded at the respective planing mills and the saw mill products at the respective saw mills, and the rough lumber is also loaded from the McDonald Lumber Company's accumulation yard.

Commissioner Harlan: The saw mill product is rough lumber? Mr. Fry: Yes, sir. We also handled some considerable lumber from the Walstein Lumber Company which has a little mill up on the St. Francis which brought it in by boat and it was

unloaded there and loaded on to cars on our road.

Commissioner Harlan: What charge did you make for that? Mr. Fry: Two cents, except where it went through interstate, and then we did not charge anything but billed it from there.

Commissioner Harlan: There is no relation between the stock

holders of that company and the railroad?

Mr. Fry: Of neither one of those companies, no, sir.

Examiner Burchmore: What companies did you state the stockholders were in who owned the stock of your line?

Mr. Fry: The stockholders of the Indiana & Arkansas and the Miller Lumber Company.

Examiner Burchmore: The mills on the line are owned by what companies?

Mr. Fry: The Miller Company and the Indiana & Arkansas. Examiner Burchmore: The L'Anguille Lumber Company has a mill on your line?

Mr. Fry: The Miller Lumber Company now used to be the L'Anguille Lumber Company, and they changed the name a year ago.

Commissioner Harlan: They are both incorporated companies?

Mr. Fry: I think so, yes, sir.

Examiner Burchmore: All the stockholders in the Indiana & Arkansas Lumber & Manufacturing Company are also stockholders in the Miller Lumber Company; the two lumber companies have common stockholders?

Mr. Fry: No, sir; they are entirely separate and distinct.

Commissioner Harlan: Are the stockholders of the Luchrmann Lumber Company common with the stockholders of any other company?

Mr. Fry: Some of the stockholders of the Luchrmann Company

own stock in the Indiana & Arkansas Company.

Examiner Burchmore: As a matter of fact, do not all the stockholders in the Indiana & Arkansas Lumber Company own stock in the Luehrmann Lumber Company?

Mr. Fry: I do not think so. One stockholder, I believe,

Examiner Burchmore: What is his holding?

Mr. Fry: About 30 or 40 per cent of the Luehrmann Lumber Company.

Commissioner Harlan: Has that been so for the last three 1136 or four years?

Mr. Fry: I think it was about four years ago.

Commissioner Harlan: Do all your answers relating to the ownership by stockholders cover the period of the last three or four years substantially?

Mr. Fry: I think so.

Commissioner Harlan: There has been no recent change of any

importance?

Mr. Fry: No; there was one stockholder in the Indiana & Arkansas. I have forgotten the exact date, but I think it was about three years ago, that sold out and did not remain a holder.

Examiner Burchmore: The junction point with the Iron Moun-

tain is known as Marianna?

Mr. Fry: Yes, sir.

Examiner Burchmore: And Deutsch is at the other end of the line?

Mr. Fry: Yes, sir.

Examiner Burchmore: You referred to Hilly and River as two stations. Are they the stations at the two mills referred to?

Mr. Fry: Deutsch is one mill, right up here, and then River and Hilly are right down here at these respective points, one is the loading point of the Miller Lumber Company and the other is the loading point of the McDonald Lumber Company, and at River there is also a small elevator being built to take care of river shipments. They do not amount to very much, but they are growing.

Examiner Burchmore: Has the Iron Mountain a public or private

track extending from its general right of way up to the river?

Mr. Fry: No, sir.

Examiner Burchmore: It has none?

Mr. Fry: No.

Examiner Burchmore: There is no way in which shipments coming down the river could be loaded directly into the ears standing on the tracks of the Iron Mountain Railroad?

Mr. Fry: The only way they could do would be to load them on

our railroad, or haul it by wagon.

Examiner Burchmore: Are there any joint through rates on lumber applying from Deutsch to interstate destinations?

Mr. Fry: Yes, sir.

Examiner Burchmore: Are those the same as the junction point Marianna rates?

Mr. Fry: Yes, sir.

1138 Examiner Burchmore: They are no higher?

Mr. Fry: No.

Examiner Burchmore: You receive a uniform division of two cents per hundred pounds on all outbound lumber?

Mr. Fry: Except to some southwestern points. The tariff of the Iron Mountain on file with the Commission shows that. I have forgotten.

Commissioner Harlan: Without those things, is it less or more?

Mr. Fry: Less.

Examiner Burchmore: Do any logs move into the mill of the Miller Lumber Company over your rails?

Mr. Fry: No.

Examiner Burchmore. Do any logs move into the mill of the lumber company by fail?

Mr. Fry: No.

Examiner Burchmore: They are all floated down by the river? Mr. Fry: Yes, sir, floated down the St. Francis and brought up

the L'Anguille River.

Examiner Burchmore: There is no transportation service rendered by your company with reference to these lumber movements,

except on the finished product out of the mill?

1139 Mr. Fry: Yes, sir.

Examiner Burchmore: And that transportation service consists in one case of one-quarter of a mile?

Mr. Fry: I did not state that.

Examiner Burchmore: What is the distance from the mills to the junction point?

Mr. Fry. About one mile and a fifth.

Examiner Burchmore: And in the case of the other mill?

Mr. Fry: It is practically the same. The other extension is a little extension to the road.

Examiner Burchmore: The report of the examination of this

company seems to indicate that the mills are respectively threequarter and seven-eighths of a mile from the junction point.

Mr. Fry: 1 can't be sure. Here is the scale, 100 feet, and you can count them (indicating). It shows 5.700 feet; that is over a mile.

Examiner Burchmore: To what mill? Mr. Fry: The Indiana & Arkansas.

Commissioner Harlan: Did the Iron Mountain ever have a spur track down to the river?

Mr. Fry: When we started down there, we had an arrangement with the Iron Mountain for furnishing us rails with the consideration that we give them all the freight made by the lumber company, and the rail was put down and kept there a short while and then we returned the rail to the Iron Mountain and put down our own rail, and purchased it in the open market.

Commissioner Harlan: When was that done? Mr. Fry. I think that was done in 1906 or 1904

Commissioner Harlan: And what was the length of the rail so furnished to you by the Iron Mountain?

Mr. Fry: I could not give you the exact feet, but it was about as long as the rail is now. I could secure that information and file it also.

Commissioner Harlan: Was the bed of that road graded?

Mr. Fry: Graded, and there was a good big cut up there at the first curve; that was all done by the L'Anguille River Railway Company.

Commissioner Harlan: The Iron Mountain had no expense in connection with the track which was laid, except in furnishing the rail?

Mr. Fry: No.

Commissioner Harlan And they furnished the labor?

1141 Mr. Fry: No.

Commissioner Harlan. What charge did they make for the use of the rails?

Mr. Fry: They simply gave us the rail; loaned it to us without charge.

Commissioner Harlan: Did you have any equipment at that time, any locomotives?

Mr. Fry: We bought a locomotive.

Commissioner Harlan You did the hauling at that time? . .

Mr. Fry: Always did the hauling.

Examiner Burchmore: You referred to a mill of the Luchrmann Lumber Company located further up in Arkansas.

Mr Fry I answered a question in regard to that from the Commissioner.

Examiner Burchmore: Does this railroad handle any logs or lumber moving to or from that mill farther up in Arkansas?

Mr Fry No.

Examiner Burchmore I am not advised as to the geographical location—

Mr. Fry: They are not at all similar, and cannot be considered. because one is 100 miles north of this point.

Examiner Burchmore: You stated the total salaries of the general officers were \$6,480 per annum, as I understood it. 1142 What portion is that of the total operating expenses of the

company?

Mr. Fry: About six to eleven, I think.

Examiner Burchmore: The report before me apparently for the fiscal year ending June 30, 1909, indicates that the total operating expenses of that railroad for the year 1909 was \$9,911.60, of which \$6,480 was general office salaries. That would leave about \$3,500 to take care of the track and transportation and traffic expenses. Those figures are approximately the same for the fiscal year ending June 30, 1910.

Mr. Fry: No, the total cost was greater, and the salaries remained e same. You have a report on file for 1910.

Examiner Burchmore: It is not here.

Commissioner Harlan: What seems to be a branch of your road runs up to a brick factory, and also to the cemetery. Do you get any traffic from the brick factory?

Mr. Fry: We get some little traffic from the brick yard, and they are just growing and we expect to get considerable business as soon

as they are able to ship out stuff.

Examiner Burchmore: Your I. C. C. No. 1 of the L'Anguille River Road, which is the tariff of local rates applying to

points on your road, names a rate of \$3.00 per car for the movement of coal from Marianna, Arkansas, the connection with the Iron Mountain, to the Light & Power Company's switch at Marianna, and names a minimum rate of \$5.00 per car on cotton from River to Marianna, and similar rates on other commodities. a few of them. Do you consider those rates compensatory for the service rendered under them?

Mr. Fry: The rate for coal, I think, has been changed. Haven't

you a later tariff than that?

Examiner Burchmore: This is the latest tariff I have before me. What is the present rate on coal?

Mr. Brown: You have a copy of the last issue of the tariff have you not, Mr. Fry?

Mr. Fry (handing paper): It is down to \$3.00.

Examiner Burchmore: \$3.00 per car?

Mr. Fry: Yes, sir.

Examiner Burchmore: The same rate apparently applies on brick. lumber, cement, sand and gravel.

Mr. Fry: Yes, sir.

Examiner Burchmore: Do you consider that rate a compensatory rate for the service rendered thereunder?

Mr. Fry: No, I hardly do.

Commissioner Harlan: How far is it by the county road from the brick factory over to the Iron Mountain's freight station or loading track?

Mr. Fry: By the way the road runs?

Commissioner Harlan: Yes.

Mr. Fry: I suppose it is a mile and a half, up hill.

Examiner Burchmore: There are joint through rates on lumber from Deutsch to interstate destinations. Is there a milling in transit privilege in connection with those rates?

Mr. Fry: Not that I know of.

Commissioner Harlan: Have you any questions, Mr. Brown?

Mr. Brown: I notice on your map here that a part of the railroad is constructed on Louisiana Street of the town of Marianna. Will you please state whether the permission to lay the track on that street was secured by an ordinance from the town?

Mr. Fry: That is my impression. I know we received permis-

Mr. Brown: We would like permission to file a copy of the ordinance.

Commissioner Harlan: No, the record may show it is done by ordinance, or a permit of the municipal authorities, and this map may be attached to the record.

(The map so offered and identified was received in evidence and thereupon marked L'Anguille River Railway Exhibit No. 1, witness Fry, received in evidence December 12, 1910, and is attached here-

Mr. Brown: You stated in your direct examination that part of your right of way was acquired under condemnation proceedings?

Mr. Fry: Yes, sir.

Mr. Brown: Did you secure the deed for that part under the de-

cree of the board?

Mr. Fry: I think so; that is my impression. I was not there at that time, but I remember having a letter notifying us that on a stretch right on the curve it was necessary to institute condemnation proceedings to go through. The man was asking an exorbitant

Mr. Brown: You stated in response to a question from Commissioner Harlan that you had no station buildings out on your road.

Mr. Fry: Yes.

Brown: I notice on your plat exhibit 1 a building Mr. marked "River Warehouse." Please explain that to the Commissioner and also explain the use that that structure is put to.

Mr. Fry: A small building on the river at the landing of the packets; in the summer time, when the water is good there are a couple of lines that run a regular packet service between Marianna and the St. Francis River, and the lands along the St. Francis are opening up as fast as the Indiana & Arkansas Lumber Company cuts the timber, they are opening up farms, and as they cultivate it, we expect to have considerable business over L'Anguille River Railroad. This little station is a landing place, with a little elevator for elevating material from the boats so it can be loaded onto the cars.

Mr. Brown: And you interchange traffic with the packet lines?

Mr. Fry: To a small extent,

Mr. Brown: Is that business increasing or on the decline?

Mr. Fry: It is increasing.

Mr. Brown: What, in your opinion, is the prospect for the future

growth of that interchange business on the river?

Mr. Fry: We expect it will occupy a very respectable per-1147 centage of the entire revenues, because of the fact that the land has been a wilderness up to the present time, and is being rapidly opened to cultivation.

Mr. Brown: What is its character after being cleared of the tim-

ber, with respect to being suitable for agricultural purposes?

Mr. Fry: All my railroad friends tell me it is the richest natural ground in the United States, the St. Francis Valley.

Mr. Brown: Is it the bottom land of the St. Francis River?

Mr. Fry: Yes, sir, very thick, deep, alluvial soil.

Mr. Brown: What do they grow that would be articles of commerce?

Mr. Fry: Cotton largely, and some alfalfa and farm products.

Mr. Brown: Do you have any inbound business for this railroad?

Mr. Fry: There is quite a respectable amount.

Mr. Brown: Have you any figures that would indicate what that was?

Mr. Fry: Yes, sir, inbound last year was 168 cars, and 3,540

tons.

Mr. Brown: Do you have a division with the Iron Mountain on the inbound as well as outbound business?

Mr. Fry: No.

Mr. Brown: What charge do you make on the inbound business?

Mr. Fry: Two cents per 100 pounds. Mr. Brown: Is that your local rate?

Mr. Fry: Yes, sir.

Commissioner Harlan: What was that tonnage inbound? Mr. Fry: Lumber coming in to the box factory at Miller.

Mr. Brown: Where did that come from largely?

Mr. Fry: All points on the Iron Mountain, some on the Frisco, and some from the Rock Island.

Mr. Brown: Within the State of Arkansas or beyond?

Mr. Fry: Yes, sir; all within the state.

Commissioner Harlan: Do you move the box material out again?

Mr. Fry: We reship it.

Mr. Brown: It goes on, on what sort of a rate, a milling in transit rate?

Mr. Fry: I think the Miller Lumber Company, they own that box factory; I am not conversant with it, but I am under the impression they have a milling in transit arrangement with the

1149 Iron Mountain for lumber that is converted into shooks. Mr. Brown: From whom do you collect the freight?.

Mr. Fry: From the Miller Lumber Company direct.

Mr. Brown: There is no absorption of that by the Iron Mountain on the outbound movement?

Mr. Fry: No.

Mr. Brown: Who bears the expense of maintaining this river warehouse station?

Mr. Fry: The L'Anguille River Railway.

Mr. Brown: So that you do have some station expenses along your

Mr. Fry: Nominal.

Commissioner Harlan: What traffic do you interchange there with the river lines?

Mr. Fry: Some cotton and cotton seed. We had a couple of carloads of household goods a couple of months ago.

Mr. Brown: Was that an interstate shipment of household goods which you refer to?

Mr. Fry: I think it was; yes, sir.

Commissioner Harlan: On what sort of tariff?

Mr. Fry: I am not sure whether it was an interstate shipment or within the state.

1150 Commissioner Harlan: Did you take it from the water lines and load it onto the cars?

Mr. Fry: We took it down and shipped it by boat. Mr Brown: It came in over the Iron Mountain?

Mr. Fry: Yes, sir.

Commissioner Harlan: Did you load it on the boat?

Mr. Fry: No, we did not perform that duty.

Commissioner Harlan: Who did it?

Mr. Fry: The boat company.

Commissioner Harlan: The other way, do you get some traffic from the packets?

Mr. Fry: Some little; it is growing.

Commissioner Harlan: Who loads it on the cars? Mr. Fry: Anything that comes in the shippers load.

Commissioner Harlan: The shippers?

Mr. Fry: The shippers will load any lumber or things of that kind.

Commissioner Harlan: But traffic which comes off the boats into your track and then on to the Iron Mountain?

Mr. Fry: If the boats bring any, they have to load it themselves.

Commissioner Harlan: Does that traffic proceed under a 1151 tariff filed with the Commission?

Mr. Fry: What little we have handled, yes, sir.

Commissioner Harlan: There is a tariff?

Mr. Fry: It has been largely local. I think I gave it to you. Mr. Brown: You have a class and commodity tariff there, have you?

Mr. Fry: Yes, sir.

Mr. Brown: What is the I. C. C. number of that tariff, Mr. Fry?

Mr. Fry: No. 3.

Mr. Brown: That is the independent tariff of your railroad company, is it?

Mr. Fry: Yes, sir.

Examiner Burchmore: This is a copy of your annual report for 1910?

Mr. Fry: Yes. sir.

Examiner Burchmore: How much cotton did you handle during the year ending June 30, 1910?

Mr. Fry: I am not able to state.

(Book handed witness.)

Mr. Fry: There was not any. We handled some hay. 1152 Examiner Burchmore: You did not handle any cotton during the year ending June 30, 1910?

Mr. Fry: No.

Examiner Burchmore: How much have you handled since June 30, 1910?

Mr. Fry: I cannot tell you, but I can find out. Examiner Burchmore: An increased tonnage?

Mr. Fry: I am not able to state.

Commissioner Harlan: Will you be good enough to prepare and send to the Commission a statement showing your total tonnage during the year ending June 30, 1910, and also showing what part of that approximately, if not accurately, belonged to the Indiana & Arkansas Lumber & Manufacturing Company and what part to the Miller Lumber Company and what part to other companies?

Mr. Fry: I will be very glad to.

Mr. Brown: May we bring that down to date?

Commissioner Harlan: Yes, if you will make that year complete in itself and then show additionally down to date?

Mr. Brown: Yes.

Commissioner Harlan: Then also show your total operating revenue, divided in the same manner; that is, showing what was paid to you by the Indiana & Arkansas Company.

Mr. Fry: I will show the tonnage and revenue.

Commissioner Harlan: The total revenue, divided by these various shippers, the details. Mr. Fry: I will show you each shipper and the tonnage and the

revenue. Commissioner Harlan: You need not show any of the independent shippers, but show the two companies.

Mr. Fry: Yes, sir.

Commissioner Harlan: And then group the other shippers.

Mr. Fry: Yes, sir.

Mr. Brown: How far up and down the river do these packet lines run, if you know?

Mr. Fry: I think one boat to Rajah, and the other to the cut off.

Mr. Brown: Where do they start?

Mr. Fry: At Marianna.

Mr. Brown: How far is that? Mr. Fry: I think about 75 miles.

Mr. Brown: Do you file your tariffs with the State Commission of Arkansas?

Mr. Fry: I do not attend to that, but I think we comply 1154 with the regulations.

Mr. Brown: Do you make your reports and pay your taxes to the Railroad Commission of Arkansas as a railroad corporation?

Mr. Fry: Yes, sir.

Mr. Brown: What is the possibility of hauling from the river to the Iron Mountain by wagon, considering the topography of the

Mr. Fry: Well, it is hilly, and in dry weather of course it can be hauled, but in wet weather it is a practical impossibility to do anything regularly.

Mr. Brown: What proportion of the year ordinarily would it be

impossible to handle the business by wagon?

Mr. Fry: In the early summer, commencing with June, July. August and September, on up possibly to November, and it commences to get wet about now.

Mr. Brown: Are you a member of the per diem agreement?

Mr. Fry: We operate under demurrage.

Mr. Brown: You are on a demurrage basis with respect to the Iron Mountain, are you?

Mr. Fry: Yes, sir.

1155 Mr. Brown: When you receive cars from the Iron Mountain, where does the Iron Mountain place them for delivery to your company?

Mr. Fry: On an interchange track at Marianns.

Mr. Brown: Does the locomotive power of the Iron Mountain come onto your rails for any purpose?

Mr. Fry: No.

Mr. Brown: Your locomotives receive the empty cars on the interchange track, do they?

Mr. Fry: Yes, sir.

Mr. Brown: And they pull them to the proper place on your line for loading, and then haul the loaded car back and make delivery to the Iron Mountain on the interchange track?

Mr. Fry: Yes, sir.

Mr. Brown: Is that interchange track indicated on this blue print map of your railroad?

Mr. Fry: I think just that continuation of our road up there. Mr. Brown: It is the continuation up there beyond the point of the connection? Mr. Fry: Yes, sir.

Mr. Brown: If the Commissioner would like to have it, I will file a statement of the stockholders of the two lumber companies 1156 referred to, showing just what relation they bear. Commissioner Harlan: Very well.

Mr. Brown: Have you any plans or purposes looking to the extension of this railroad beyond its present terminus?

Mr. Frey: We have had under contemplation-

Commissioner Harlan: Now, Mr. Fry, don't tell us you are going to Hot Springs.

Mr. Fry: We have not, but we have 35,000 acres a little northeast of Marianna which we have never cut any timber from. The Crittenden Railway Company running south from Earl down to

Heth has a terminus immediately north of our land and we have had it up with the possible view of ultimately building up and connecting with that road and rushing a larger system. We have not gone any further than talking about it.

Commissioner Harlan: Had you contemplated that plan of reach-

ing the tracks of the Rock Island?

Mr. Fry: We had only a connection with that, the reach-1157 ing of the Midland Lumber Company. Of course we appreciate to the full the advantages of connecting up with the other railroads.

Mr. Cowan: I suppose you have heard the evidence of the Critten-

den Railroad Company here the other day?

Mr. Fry: I was not here.

Mr. Cowan: You will find in the record that there is no use of your extending your line, as they are building very rapidly in that direction.

Mr. Fry: That will save us some money, then.

Mr. Cowan: Undoubtedly. Is it not a fact that these lumber companies through that country handling hard wood and other lumber have their mills and track so arranged that they all get a part of the rate from the through lines, greater or less, according to their ability to do trading, of course?

Mr. Fry: I am not very familiar expect what I have heard since I have been here. I have had considerable illumination since I got

here this morning.

Mr. Cowan: You have no chance to connect up with the Rock Island anywhere, have you?

Mr. Fry: Not unless I connect the way I spoke of.

Mr. Cowan: And even then you would increase your divi-1158 sion?

Mr. Fry: Sir?

Mr. Cowan: Do you know of any lumber concern in the countrwhere the railroad company builds its side tracks and spurs out as a proposition of its own to handle the saw mill output? In all cases you know of, the lumber company has its own tracks and has some sort of an arrangement whereby they get part of the rate?

Mr. Fry: I am not particularly familiar with what the other

people do.

Mr. Cowan: I said so far as you know, that is the question.

Mr. Fry: No. I do not.

Mr. Cowan: You look out and see whether the other fellows get more than you do?

Mr. Fry: I have since I got here this morning.

Mr. Cowan: It will make you a little more industrious.

Mr. Fry: I am going to.

Mr. Brown: Does your company issue the regular and usual railroad forms of bills of lading and way bills? Mr. Fry: Yes, sir.

Mr. Brown: Under your own name?

Mr. Frv: Yes, sir. 1159

Examiner Burchmore: Where is Miller Junction?

Mr. Fry: It is right here (indicating).

Examiner Burchmore: It is the junction between the line to the planing mill of the Miller Lumber Company and the line to the McDonald plant?

Mr. Fry: Yes.

Commissioner Harlan: That seems to be all. The Little Rock, Sheridan & Saline River Railway.

Mr. Booth: I represent that company.

1160 Little Rock, Sheridan & Saline River Railway Company.

EDWIN BOOTH was called as a witness, and having been duly sworn, testified as follows:

Commissioner Harlan: What is your business?

Mr. Booth: I am auditor of the Little Rock, Sheridan & Saline River Railway.

Commissioner Harlan: How long have you been connected with that company?

Mr. Booth: Since 1907.

Commissioner Harlan: Do you know all about its his history and its organization?

Mr. Booth: No, sir.

Commissioner Harlan: What do you know about that company, what part of its business are you familiar with?

Mr. Booth: Most of the accounting since 1907.

Commissioner Harlan: Is there any other officer of the road here?

Mr. Booth: The president is here, but he is not familiar with that part of it.

Commissioner Harlan: Do you know who built it, and those details?

1161 Mr. Booth: Yes, sir.

Commissioner Harlan: Do you know when it was organized?

Mr. Booth: February, 1892.

Commissioner Harlan: Under the laws of what state?

Mr. Booth: Arkansas.

Commissioner Harlan: When was it built? Mr. Booth: It was started about that time.

Commissioner Harlan: By whom?

Mr. Booth: By the William Farrell Lumber Company. Commissioner Harlan: From Farrell, Arkansas?

Mr. Booth: I don't know if it was started from there at that time or not.

Commissioner Harlan: How much of the line did the William Farrell Lumber Company build?

Mr. Booth: I don't know that.

Commissioner Harlan: Has any other officer of your road been here during this session?

Mr. Booth : No, sir.

Comm. Harlan: Do you expect any other officer here?

Mr. Booth: No, sir.

Commissioner Harlan: Do you know anything about the cost of this road?

Mr. Booth: Yes, sir.

1162 Commissioner Harlan: Its relations to the lumber company and who holds its capital and all that?

Mr. Booth: Yes, sir.

Commissioner Harlan: Where is Farrell, Arkansas?

Mr. Booth: Abut 19 miles south of Little Rock on the Iron Mountain.

Commissioner Harlan: Is it Farrell or Farrells?

Mr. Booth: Farrell.

Commissioner Harlan: What sort of a town is it?

Mr. Booth: Principally made up of saw mill people.

Commissioner Harlan: Just a saw mill town?

Mr. Booth: Yes, sir.

Commissioner Harlan: And is there more than one mill there?

Mr. Booth: Only one.

Commissioner Harlan: And that is owned by the William Farrell Lumber Company?

Mr. Booth: Yes, sir.

Commissioner Harlan: And the railroad is owned by your lumber company?

Mr. Booth: Yes, sir.

Commissioner Harlan: What is the length of it?

Mr. Booth: About 17 miles of main line.

1163 Commissioner Harlan: Does the railroad company own its own right of way?

Mr. Booth: Yes, sir.

Commissioner Harlan: And its equipment?

Mr. Booth: Yes, sir.

Commissioner Harlan: What equipment has it? Mr. Booth: Three locomotives and 36 cars.

Commissioner Harlan: Has it a station at Farrell?

Mr. Booth: The lumber company office.

Commissioner Harlan: In the office of the lumber company?

Mr. Booth: Yes.

Commissioner Harlan: Is that also the general office of the railroad company?

Mr. Booth: Yes,

Commissioner Harlan: Does it own its equipment?

Mr. Booth: Yes.

Commissioner Harlan: Is the track ballasted?

Mr. Booth: Some parts of it.

Commissioner Harlan: What sort of rail have they?

Mr. Booth: 35 pound.

Commissioner Harlan: Who is the president of the railroad company?

1164 Mr. Booth: Mr. S. H. Fullerton, of St. Louis.

Commissioner Harlan: Was not Mr. Fullerton here the other day?

Mr. Booth: Yes, sir,

Commissioner Harlan: Is he here now?

Mr. Booth: Yes, sir,

Commissioner Harlan: Mr. Fullerton, you know about the organization of the road, and all its details?

Mr. Fullerton: I do not, your Honor. Commissioner Harlan: When did you become associated with it? Mr. Fullerton: Four or five years ago, but I never had any-they made me president of the lumber company and railroad company, but I never took any active part in the management of the business.

Commissioner Harlan: Neither of the railroad company nor the

lumber company?

Mr. Fullerton: Neither one or the other. It was organized by the Farrell Lumber Company and they are still running it, and operating it.

Commissioner Harlan: Are there any communities or villages on

1165 Mr. Booth: Yes, sir; there are some villages out there. Commissioner Harlan: Will you give me the names? Mr. Booth: There is Ico.

Commissioner Harlan: What is the population?

Mr. Booth: Mostly farm houses. There is a post office there.

Commissioner Harlan: What other business?

Mr. Booth: And a town called Tightwad, about six miles from Farrell.

Commissioner Harlan: Is that a post office? Mr. Booth: No.

Commissioner Harlan: I suppose there are no divisions at Tightwad? (No response.)

Commissioner Harlan: What other points?

Mr. Booth: Craigs Mill.

Commissioner Harlan: What is that, a lumber point?

Mr. Booth: That is the terminus of the road, and also a post office?

Commissioner Harlan: That is the terminus of your road?

Commissioner Harlan: What is the population of that town?

1166 Mr. Booth: I could not say.

Commissioner Harlan: Is it sort of a lumbering town?

Mr. Booth: No, it is principally farmers; it is about three miles from Boxeye.

Commissioner Harlan: It is the point where the Farrell Lumber Company has its mill?

Mr. Booth: It is where it has most of its logging operations. Commissioner Harlan: The mill is up near Farrell?

Commissioner Harlan: I started to ask you who were the officers of the company. You stated Mr. Farrell. Who are the others?

Mr. Booth: R. A. Farrell, treasurer, and William E. Farrell, vice-president.

Commissioner Harlan: Are they also officers of the Farrell Lum-

ber Company?

Mr. Booth: Mr. Fullerton and Mr. R. A. Farrell are.

Commissioner Harlan: Do they get salaries as officers of the railroad company?

Mr. Booth: No.

Commissioner Harlan: Does anyone get a salary as an 1167 officer of the railroad company?

Mr. Booth: No.

Commissioner Harlan: Do you get a salary as officer of the rail-road company?

Mr. Booth: No.

Commissioner Harlan: There are no salary items, then, except for the employees that run the locomotives and your train crews?

Mr. Booth: A general office clerk.

Commissioner Harlan: And your track men?

Mr. Booth: Yes.

Commissioner Harlan: They are all paid by the railroad company?

Mr. Booth: Yes, sir.

Commissioner Harlan: Do they do any work for the lumber company?

Mr. Booth: No. sir.

Commissioner Harlan: Any of them?

Mr. Booth: No.

Commissioner Harlan: Out at the mill point, which is the terminus of your line, Craigs Mill, I believe you called it, there are some logging roads, are there not?

1168 Mr. Booth: Do you mean spurs?

Commissioner Harlan: Yes.

Mr. Booth: Yes, sir.

Commissioner Harlan: Are they owned by the railroad company?

Mr. Booth: No, by the lumber company.

Commissioner Harlan: By whom are they operated?

Mr. Booth: The lumber company.

Commissioner Harlan. With what equipment?

Mr. Booth: The leased equipment.

Commissioner Harlan: They lease it from whom?

Mr. Booth: The Little Rock, Sheridan & Saline River Railway.
Commissioner Harlan: When you stated your equipment a little
while ago, did you give us the number of cars that you retained
possession of and operate?

Mr. Booth: Yes, sir.

Commissioner Harlan: In addition to those, you own the cars that the lumber company is using on the logging road?

Mr. Booth: We both use them.

Commissioner Harlan: Do you run your locomotives on the logging road? 1169 Mr. Booth: No.

Commissioner Harlan: What do they pay you for those

cars?

Mr. Booth: They do not pay us anything for those cars.

Commissioner Harlan: Do they pay you for anything else? Mr. Booth: The locomotives.

Commissioner Harlan: They use your locomotives?

Mr. Booth: Yes, sir.

Commissioner Harlan: What do they pay for that?

Mr. Booth: \$20 a day. Commissioner Harlan: What locomotives are there?

Mr. Booth: What type, do you mean?

Commissioner Harlan: Yes.

Mr. Booth: I think there are two class B and one class C, two 30 tons and one 35 tons.

Commissioner Harlan: Do your employees unload the logs at the pond, the railroad employees?

Mr. Booth: They do not have to, but sometimes they help. Commissioner Harlan: Ordinarily do they do it?

Mr. Booth: Yes, sir,

Commissioner Harlan: Do they do it alone? Mr. Booth: No, the lumber employees do-

Commissioner Harlan: But ordinarily they do participate

1170 in the unloading? Mr. Booth: Yes, sir.

Commissioner Harlan. Do they do any loading at the junction with the logging road?

Mr. Booth: No.

Commissioner Harlan: Do they go out on the logging roads? Mr. Booth: Yes, sir.

Commissioner Harlan: And help to do some loading there?

Mr. Booth: No.

Commissioner Harlan: Ordinarily who pulls the train in from the logging roads to your line?

Mr. Booth: The lumber company.

Commissioner Harlan: What orest has the Farrell Lumber Company out at the end of your line, or around it?

Mr. Booth: I cannot say; it is right around the end of the line.

but we have 54,000 acres altogether.

Commissioner Harlan. Do you receive from the logging line any logs belonging to any other company than the William Farrell Lumber Company?

Mr. Booth: No.

Commissioner Harlan: Do you haul any outside traffic for anybody?

1171 Mr. Booth: Very little.

Commissioner Harlan: Are there any mills on the line?

Mr. Booth: No. sir.

Commissioner Harlan: What kind of traffic do you haul for outsiders?

Mr. Booth: Very little of any kind.

Commissioner Harlan: Any cotton or farm produce?

Mr. Booth: No.

Commissioner Harlan. Do you haul any supplies or general merchandise out on your line?

Mr. Booth: Yes, sir.

Commissioner Harlan: What is the extent of that traffic?

Mr. Booth: Oh, \$150 worth of freight a month, merchandise and feed.

Commissioner Harlan: Does that come from Little Rock mostly on local billing?

Mr. Booth: We rebill it from Farrell.

Commissioner Harlan: On the local rate?

Mr. Booth: Yes, sir.

Commissioner Harlan: What is the extent of your logging traffic from the junction of the logging roads to the mill; how many cars a year?

1172 Mr. Booth: Oh. about 10,000 cars.

Commissioner Harlan. And where is your mill with relation to the Iron Mountain tracks?

Mr. Booth: The saw mill is about 200 yards. Commissioner Harlan: And your planing mill?

Mr. Booth: It is about 100 feet.

Commissioner Harlan: Is there a spur track of the Iron Mountain alongside the planing mill?

Mr. Booth: Yes, sir.

Commissioner Harlan: So that the dressed lumber—and that is all you ship, is it not?

Mr. Booth: No.

Commissioner Harlan: Do you ship a lot of rough lumber?

Mr. Booth: Yes, sir.

Commissioner Harlan. How much in proportion to the dressed lumber?

Mr. Booth: The greater portion is rough timbers.

Commissioner Harlan: The greater portion is timber?

Mr. Booth: Yes, sir.

Commissioner Harlan: The dressed lumber you load right onto the Iron Mountain cars on their own spur tracks?

Mr. Booth: Yes. sir.

1173 Commissioner Harlan: Or do you own the spur tracks?

Mr. Booth: I cannot say that positively, whether we own it or not.

Commissioner Harlan: Is there any milling in transit rate in

effect?

Mr. Booth: Yes, sir.

Commissioner Harlan. What is the rate to St. Louis?

Mr. Booth: Eighteen cents from Farrell. Commissioner Harlan: From Farrell?

Mr. Booth: Yes, sir.

Commissioner Harlan: Well, that is the rate on the dressed lumber or the rough lumber from the mill point?

Mr. Booth: Yes, sir.

Commissioner Harlan: Is there any milling in transit arrangement on logs?

Mr. Booth: It is purely a milling in transit arrangement with

us altogether.

Commissioner Harlan: Tell us how that applies.

Mr. Booth? It is the same from our road as from the junction with the Iron Mountain.

Commissioner Harlan. So the 18 cent rate extends back to your logging operations?

1174 Mr. Booth: Yes, sir.

Commissioner Harlan: What division do you receive? Mr. Booth: We receive four cents to territory known as Central Freight Association territory and five cents west.

Commissioner Harlan: Is that the highest allowance you get?

Mr. Booth: Yes, sir.

Commissioner Harlan: I suppose you interchange free transporta-

Mr. Booth: Yes, sir.

Commissioner Harlan: Who gets the free transportation on your

Mr. Booth: The treasurer and myself.

Commissioner Harlan. The treasurer and yourself?

Mr. Booth: Yes, sir.

Commissioner Harlan: Do you represent the lumber company in any way?

Mr. Booth: Yes, sir.

Commissioner Harlan: What is your relation with the lumber company?

Mr. Booth: Auditor.

Commissioner Harlan: As such, do you have to do any traveling?

1175 Mr. Booth: Yes, sir.

Commissioner Harlan: Do you participate in the selling of lumber for the lumber company?

Mr. Booth: Yes, sir: to some extent.

Commissioner Harlan. Do you go to St. Louis and Chicago?

Mr. Booth: Yes, sir; principally to St. Louis.

Commissioner Harlan: Have you passes on other roads than the Iron Mountain?

Mr. Booth: Yes, sir.

Examiner Burchmore: It is about 200 yards from the saw mill to the line of the Iron Mountain Railroad?

Mr. Booth: Yes, sir.

Examiner Burchmore: Is that a standard gauge or narrow gauge track?

Mr. Booth: To the line of the Iron Mountain?

Examiner Burchmore: Yes. Mr. Booth: Standard gauge.

Examiner Burchmore. The main line of the Little Rock, Sheridan & Saline River is broad gauge or narrow gauge? Mr. Booth: Narrow gauge.

Examiner Burchmore: Is there not a third rail between the saw mill and the Iron Mountain tracks?

1176 Mr. Booth: Not all the way.

Examiner Burchmore: How are the empty cars placed at the mill?

Mr. Booth: By the Iron Mountain.

Examiner Burchmore: And taken away by the Iron Mountain? Mr. Booth: Yes, sir.

Examiner Burchmore: I am referring to the saw mill.

Mr. Booth: Yes, sir.

Examiner Burchmore: Then the Little Rock, Sheridan & Saline River Railway Company does not touch the cars containing the lumber coming out of the mills?

Mr. Booth: No.

Examiner Burchmore: They are handled by the Iron Mountain Railroad?

Mr. Booth: Yes, sir.

Examiner Burchmore: Are there any joint through rates in effect from Craigs Mill to interstate destinations?

Mr. Booth: Yes, sir.

Examiner Burchmore: With milling in transit privileges?

Mr. Booth: Yes, sir.

Examiner Burchmore: Have you any means of weighing the logs which move to your mill?

1177 Mr. Booth: No.

Examiner Burchmore: How do you ascertain what the

weight of those logs is?

Mr. Booth: We have taken years of manufacturing, and find that it takes six logging cars to make one railroad car of the manufactured product, and our local tariff provides we get \$4.00 a car for the logs.

Examiner Burchmore: Into the mill?

Mr. Booth: Into the mill, and an average railroad car is figured about 60,000 pounds on the material we ship, and we charge them \$4.00 a car for the six log cars, which would bring about \$24.00, and our division is most of it four cents and an average of 60,000 pounds would make \$24.00.

Examiner Burchmore: In other words, when six cars of logs move into the saw mill, the railroad company charges the lumber

company \$24.00 for those six cars of logs?

Mr. Booth: Yes, sir.

Examiner Burchmore: Subsequently when one 60,000 pound car of lumber manufactured from those logs is moved out, you credit that \$24.00 you have received on the in-movement against the out-movement.

Mr. Booth: Yes, sir.

1178 Examiner Burchmore: And the railroad retains it as its division?

Mr. Booth: Yes, sir.

Examiner Burchmore: But as a matter of fact, you have no

accurate knowledge of what the actual weight of those logs moving

Mr. Booth: No.

Examiner Burchmore: Is there any bill of lading issued for the movement of logs into the mill?

Mr. Booth: Yes, sir.

Examiner Burchmore: Where is that bill of lading issued? Mr. Booth: It is issued by the billing clerk at Farrell,

Examiner Burchmore: Does he issue that bill of lading before the logs leave the other end of the line?

Mr. Booth: The bill of lading comes in with them.

Examiner Burchmore: I don't just understand that. ing clerk at Farrell makes out a bill of lading and sends it to the other end of the line to come back with the logs?

Mr. Booth: No, the man at the mill when the cars come in, keeps a memorandum of the train, and the billing clerk hunts out the way

bill.

Examiner Burchmore: Then, as I understand it, the prac-1179 tice is similar to that of another company into which we have already examined, and is this: a train load of logs from the woods comes into the mill, and the conductor or official of that train advises the billing clerk in the mill how many logs he has brought with him, and bills of lading are issued for that quantity of logs?

Mr. Booth: Yes, sir.

Examiner Burchmore: Are any way bills issued for the movement

Mr. Booth: I could not state positively.

Examiner Burchmore: Not so far as you are advised?

Mr. Booth: No.

Examiner Burchmore: What bills of lading are issued on the movements of lumber out of the mill?

Mr. Booth: The Little Rock, Sheridan & Saline River bill them. Examiner Burchmore: New bills of lading?

Mr. Booth: Yes. sir.

Examiner Burchmore: Independent of those previously issued on the logs.

Mr. Booth: Yes, sir.

Burchmore: Where are those bills of lading Examiner

1180 Mr. Booth: At Farrell.

Examiner Burchmore: They are dated at Farrell?

Mr. Booth: And the way bills at Craigs Mill.

Examiner Burchmore: Then you issue bills of lading at Farrell and way bill it from Craigs Mill?

Mr. Booth: Yes.

Examiner Burchmore: The way bill and the bill of lading on the same shipment do not agree?

Mr. Booth: I thought you meant at the time the shipment moved.

They are all way billed from Craigs Mill.

Examiner Burchmore: From Craigs Mill to St. Louis, for example, you have a through way bill?

Mr. Booth: Yes, sir.

Examiner Burchmore: And that through way bill shows the Little Rock, Sheridan & Saline River Railroad as the first participating carrier?

Mr. Booth: Yes, sir.

Examiner Burchmore: And as participating up to Farrell?

Mr. Booth: Yes, sir.

Examiner Burchmore: Does the conductor of the Little Rock, Sheridan & Saline River Railway ever receive that through way bill?

1181 Mr. Booth: No.

Examiner Burchmore: Then it is handed right over to the Iron Mountain?

Mr. Booth: Yes, sir.

Examiner Burchmore: And the Iron Mountain switches the car from the mill to its mail line?

Mr. Booth: Yes, sir.

Examiner Burchmore: And then it moves to interstate destination?

Mr. Booth: Yes, sir.

Examiner Burchmore: I understood you to state the division received was four cents to C. F. A. territory.

Mr. Booth: Yes, sir.

Examiner Burchmore: And five cents to Western territory?

Mr. Booth: Yes, sir, west of Pueblo.

Examiner Burchmore: What is it east of Pueblo? Mr. Booth: To some points we get four cents. Examiner Burchmore: Three cents to any points?

Mr. Booth: Oklahoma points.

Examiner Burchmore: How long have you been receiving a four and five cents division on western traffic?

Mr. Booth: I cannot say. About a year, the five cents.

Examiner Burchmore: Within a year or two? 1182

Mr. Booth: Yes, sir. Examiner Burchmore: Previous to that the highest division you received on traffic to points west of the Mississippi River was three cents per 100 pounds, was it not?

Mr. Booth: Yes, sir.

Examiner Burchmore: What is the explanation for this increase

in divisions, if you know it?

Mr. Booth: I cannot say. I found out that others were getting

that much, and we solicited it.

Commissioner Harlan: You thought you ought to have it?

Mr. Booth: Yes.

Commissioner Harlan: If the others got it?

Mr. Booth: Yes, sir.

Examiner Burchmore: And the railroad officials agreed with vou?

Mr. Booth: Yes, sir.

Examiner Burchmore: I understood you to say that the inbound movements of merchandise amounted to \$150 a month.

Mr. Booth: About that; yes, sir.

Examiner Burchmore: For the fiscal year ending June 30, 1909, if these figures are correct, the total tonnage of this road seems to have been 41,471 tons, of which 41,361 tons all but 110 tons, was supplied by the lumber company; is that about

the present proportion of the traffic?

Mr. Booth: No, I think it is heavier last year.

Examiner Burchmore: What purpose is served by the third rail that runs up a portion of the distance from your saw mill to the main line of the Iron Mountain? Mr. Booth: For the purpose of switching the cars of coal to the

coal docks.

Examiner Burchmore: Where are those coal docks located? Mr. Booth: About 400 feet back of the saw mill, beyond the end of the standard gauge tracks, back of the saw mill.

Commissioner Harlan: What track is not standard gauge? Examiner Burchmore: The whole railroad is narrow gauge. Commissioner Harlan: Your whole line is narrow gauge except the spur track next the planing mill?

Mr. Booth: Next the saw mill.

Examiner Burchmore: Does this company pay any dividends? Mr. Booth: No.

Examiner Burchmore: Has it accumulated a surplus?

Mr. Booth: We have a small surplus. Examiner Burchmore: What amount?

1184 Mr. Booth: It is simply a cash surplus; about \$10,000 at the present date.

Examiner Burchmore: \$10,000 cash surplus?

Mr. Booth: Yes, sir.

Examiner Burchmore: How many years have you been accumulating that surplus?

Mr. Booth: Since 1907.

Examiner Burchmore: What was the cost of construction of the

Mr. Booth: About 120 some odd thousand dollars. Examiner Burchmore: \$120,000 in round figures? Mr. Booth: Yes, sir.

Examiner Burchmore: What is the capital stock of the road? Mr. Booth: \$125,000.

Examiner Burchmore: Any bonds outstanding? Mr. Booth: Yes, sir.

Examiner Burchmore: To what amount?

Mr. Booth: \$75,000.

Examiner Burchmore: What is the rate of interest on those bonds?

Mr. Booth: Five per cent.

Examiner Burchmore: Has the interest been paid?

1185 Mr. Booth: Yes, sir.

Examiner Burchmore: Who holds those bonds? Mr. Booth: The William Farrell Lumber Company.

Examiner Burchmore: Who holds the stock, the stockholders of the William Farrell Lumber Company?

Mr. Booth: Yes, sir, practically the same.

Examiner Burchmore: This rental of \$20 a day for the use of locomotives; does that include the crew?

Mr. Booth: Yes, sir.

Examiner Burchmore: And the coal?

Mr. Booth: Yes, sir.

Commissioner Harlan: Have you any questions, Judge Cowan?

Mr. Cowan: No questions.

Mr. Jeffery: Your division at this time of five cents applies only to trans-Missouri Territory, does it not?

Mr. Booth: Well, I am not positive about all that western busi-

ness. We do not ship very much stuff out there.

Mr. Jeffery: And it is four cents to Western Trunk Line territory?

Mr. Booth: Yes, sir.

Commissioner Harlan: Will you be kind enough to see whether there is any spur track agreement with this road, Mr. Jeffery, and send us a copy?

1186 Mr. Jeffery: Yes.

(At a later hour in the day Mr. Booth reappeared and stated that he desired to correct a portion of his testimony as follows:)

Commissioner Harlan: Have you any correction to make to the testimony you gave in connection with the Little Rock, Sheridan &

Saline River Railway Company?

Mr. Booth: I understood one question from your attorney, if we made two bills of lading, one for the logs coming into the mill and one on the outbound manufactured lumber. I understand that I said yes. W do not make two bills of lading. We only make two way bills. I am not positive that that is correct as to the question, but I was told that after I left by some one acquainted with the fact, that we only make one bill, which is made by the lumber company for the manufactured product on shipments going to territory where there is a division received.

Commissioner Harlan: Is there any other correction you wish to

make?

Mr. Booth: We do not get any division to points in Arkansas or to Eastern Trunk lines. Then the lumber company does not receive that credit back for the \$24, as stated in my testimony. They

the railroad receives divisions, and the charge of \$4.00 a car still stands against the lumber company and my replies as to tonnage and revenue were based on 1910 business.

Commissioner Harlan: And you think the Examiner had in mind

your report for 1909? Mr. Booth: Yes.

Commissioner Harlan: Well, your testimony will be read with these suggestions before us.

Commissioner Harlan: We have secured another stenographer, and Mr. Burchmore will hear the east of the river cases, and the Jackson Railway at this time in the adjoining room, and all persons who are

connected with those cases will please retire with Examiner Burchmore to that room.

In connection with the testimony of this witness, Mr. Fullerton, I wish you would be good enough to enlighten the Commission as to what on our record is referred to as the Colonial System. Do you know anything about that?

Mr. Fullerton: Of railroads?

Commissioner Harlan: Yes.

1188 Mr. Fullerton: I know nothing whatever about it.

Commissioner Harlan: The Little Rock, Sheridan & Seline River is indicated as a railroad belonging to the Colonial System. Have you ever heard of that?

Mr. Fullerton: I never heard of that before and never knew that

it belonged to any such system.

Commissioner Harlan: And the Mill Creek & Little River Railway & Navigation Company.

Mr. Fullerton: I never knew anything about it. It must have

been several years ago.

Commissioner Harlan: You are not connected with the last named road?

Mr. Fullerton: I think that our company owns some stock in that company, but has only acquired it in the last three years, and it has not been a member of any Colonial System of railroad that I know anything of.

Commissioner Harlan: What about the Tioga & Southeastern;

are you associated with that in any way?

Mr. Fullerton: Yes, sir.

Commissioner Harlan: Are you associated with any other road, the Gulf & Sabine River?

Mr. Fullerton: Yes, sir.

1189 Commissioner Harlan: But you do not recognize that as a system?

Mr. Fullerton: No, sir.

Commissioner Harlan: Are they owned about by the same peo-

ple?

Mr. Fullerton: I am connected with the Warren, Johnsville & Saline River, the Gulf & Sabine and the Little Rock, Sheridan & Saline River, and the Tioga & Southeastern.

Commissioner Harlan: We may ask you later to give us some further light on that question. The next road is the Louisiana Rail-

way. 1190

Louisiana Railway Company.

J. M. Bernardin was called as a witness, and having been duly sworn, testified as follows:

Commissioner Harlan: What is your business?

Mr. Berdardin: I am president of the Louisiana Railway Company, and secretary and treasurer of the Grant Timber & Manufacting Company.

Commissioner Harlan: When was the Louisiana Railway Company organized?

Mr. Bernardin: In 1900.

Commissioner Harlan: Under the laws of the State of Louisiana?

Mr. Bernardin: Yes.

Commissioner Harlan: With what capital stock?

Mr. Bernardin: \$25,000.

Commissioner Harlan: Who were its officers?

Mr. Bernardin: I think the first incorporators were W. L. Whittaker. I have a copy here of the charter. I was not connected with it at the time, and I can only give you what this charter says.

Commissioner Harlan: We will not stop on it. Who are

1191 its present officers?

Mr. Bernardin: I am president, Mr. T. H. Garrett, of St. Louis, is vice-president. E. E. Fitzgerald is secretary and treasurer. Commissioner Harlan: Are all of these officers also officers of any lumber company or interested in any way?

Mr. Bernardin: Mr. Garrett is vice-president of the Grant Timber & Manufacturing Company and Mr. Fitzgerald is general manager. Commissioner Harlan: Are you connected with that company?

Mr. Bernardin: I am secretary and treasurer of the Grant Tim-

ber & Manufacturing Company.

Commissioner Harlan: Is there a company known as the Grant

Lumber & Land Company?

Mr. Bernardin: It is in liquidation. There was at one time. It owned a mill, and this company of which I gave you the name owned the timber, and the Louisiana Railway Company owned the railroad.

Commissioner Harlan: And who owned all three?

Mr. Bernardin: The same stockholders.

Commissioner Harlan: So it is practically one investment by the same people?

1192 Mr. Bernardin: Yes, sir.

Commissioner Harlan: And as I understand it, your road

is about 30 miles long?

Mr. Bernardin: No, it is about 16 miles of main line, and then we own the steel of about 13 or 14 miles more, that we lease to the mill company for spur purposes.

Commissioner Harlan: Your main line starts out at what point?
Mr. Bernardin: At Grant, on the Louisiana & Arkansas, and it crosses the Iron Mountain at Selma, Louisiana, and then it runs, or it did run, in a westerly or northwesterly direction, and I expect since you have got your map that we have moved, because I will show you—

(Witness indicates on map to the Commissioner.)

Commissioner Harlan: Grant is a point on what road? Mr. Bernardin: The Louisiana & Arkansas Railroad.

Commissioner Harlan: And from Grant you run how many miles southwesterly to Selma?

Mr. Bernardin: It is two and one-quarter miles, I think.

Commissioner Harlan: In what direction does your track run?

Mr. Bernardin: It runs west, and then there was a line went up northwest.

Commissioner Harlan: How far west? 1193

Mr. Bernardin: Well, it went out there about eight miles,

and then we stopped and we went north, say, about six miles.

Commissioner Harlan: By whom was the track from Grant to Selma built, and when?

Mr. Bernardin: It was built by the Louisiana Railway Com-

pany.

Commissioner Harlan: By the Louisiana Railway Company?

Mr. Bernardin: Yes, sir.

Commissioner Harlan: When? Mr. Bernardin: Well, I was not connected with it until 1905, and it was built then, but I think about a year before I became connected with it.

Commissioner Harlan: Who built the track from Selma west?

Mr. Bernardin: The Louisiana Railway Company.

Commissioner Harlan: And then to the north and west? Mr. Bernardin: Well, the Louisiana Railway Company.

Commissioner Harlan: What part of this track is ballasted track? Mr. Bernardin: Very little.

Commissioner Harlan: What rail have you on the track?

Mr. Bernardin: 35 and 45 pound.

Commissioner Harlan: What is the length of the track 1194 that you have just described from Grant to Selma, and then west and then north?

Mr. Bernardin: Two and a quarter miles, and then it is about eight miles from Selma out, and then six; that is, the 16 miles of

the main line.

Commissioner Harlan: Do you also own some logging lines? Mr. Bernardin: No, but we buy all the steel and lease it to the Grant Timber & Manufacturing Company and they use it for spurs off, getting the logs.

Commissioner Harlan: What logging lines have they in extent? Mr. Bernardin: They used that whole 13 or 14 miles of steel in

their operation.

Commissioner Harlan: Do you lay the tracks for them and move them?

Mr. Bernardin: No, we just furnish the track and splices.

Commissioner Harlan: What do they pay you?

Mr. Bernardin: \$1.00 a thousand. I have here a copy of the contract which is on file, which shows how we have handled that.

Mr. McRae: Is that on file with the Commission?

Mr. Bernardin: Yes, sir; that is on file with the Commis-1195 sion, and that-

Commissioner Harlan: That \$1.00 a thousand is for the use of

the steel? Mr. Bernardin: For the use of the steel, and the Louisiana Railway Company taking the empty cars out on their spurs for them and bringing the loads back to the Louisiana Railway Company's main line, and then as the contract reads, the compensation for that has been derived out of the division of the through rate for the haul after it reaches the main line of the Louisiana Ra lway Company.

Commissioner Harlan: That becomes another transaction?

Mr. Bernardin: Yes. sir.

Commissioner Harlan: So then you operate the logging roads for the lumber company; that is, with your equipment?

Mr. Bernardin: Well, practically so; yes, sir. Commissioner Harlan: And with your crews?

Mr. Bernardin: And with our crews.

Commissioner Harlan: And do you load the logs on the cars?

Mr. Bernardin: No, we do not load the logs, they load them but we gather them up. They may have them scattered around on several little spurs after they branch off there, before we gather them on the main line, and sometimes we stop and 1196 go on a little further and get enough more to make a train.

Commissioner Harlan: But they load them on the cars?

Mr. Bernardin: Yes.

Commissioner Harlan: Your men do not help in that work?

Mr. Bernardin: No.

Commissioner Harlan: Do your men help unload at the mill? Mr. Bernardin: No, we deliver them at the mill and they have what they call a pond crew, which unload and put them in the mill. Commissioner Harlan: What mill have you?

Mr. Bernardin: Two at Selma.

Commissioner Harlan: What mill at Grant?

Mr. Bernardin: Nothing; just a connection with the Louisiana & Arkansas Railroad.

Commissioner Harlan: Why did you build to Grant?

Mr. Bernardin: As I told you, it was built before I went there, but they were there, I think, to get another connection and get a better car service.

Commissioner Harlan: Have you any station at Grant?

Mr. Bernardin: No.

Commissioner Harlan: Just a track connection-

1197 Mr. Bernardin: Well, there is a little shed there, to which the Louisiana & Arkansas trainmen have a key and our men have a kev.

Commissioner Harlan: You do not keep any agent there?

Mr. Bernardin: No.

Commissioner Harlan: Have you a station at Selma?

Mr. Bernardin: No.

Commissioner Harlan: Have you a station anywhere along the line?

Mr. Bernardin: No.

Commissioner Harlan: Do you carry any traffic for outsiders? Mr. Bernardin: Well, that is practically nil; what we can get. Commissioner Harlan: What was your tonnage in lumber from

the junction of the logging road to the mill at Selma last year?

Mr. Bernardin: In logs it was 260,000 some odd tons.

Commissioner Harlan: You have explained how the lumber com-

pany pays you for the service of gathering up logging cars and bringing them to your main line.

Mr. Bernardin: Yes.

Commissioner Harlan: What compensation do you receive from that point, and from whom?

1198 Mr. Bernardin: Well, we figure our compensation was from our connection. When we delivered them the product of those logs in the shape of lumber; that is, the tonnage those logs would make, we got compensation from the connecting lines.

Commissioner Harlan: Well, what is that?

Mr. Bernardin: It varies; it is from two to four cents, with possibly a few exceptions. I am not sure whether or not there were not a few points where there was five cents.

Mr. Jeffery: I do not think there is,

Mr. Bernardin: Well, rather than to be caught up on that for the record, I will say possibly there might be a few places, but in a general way, it is two cents and four cents.

Commissioner Harlan Has it ever been higher?

Mr. Bernardin: No.

Commissioner Harlan What allowances do you get from the Louisiana & Arkansas?

Mr. Bernardin: They are practically the same from both lines, as

near as I remember.

Commissioner Harlan: Do you have any connection with the Rock Island in this immediate vicinity?

Mr. Bernardin: No. sir.

Commissioner Harlan: Did you ever get less divisions than

1199 those you have just named?

Mr. Bernardin: Not during my time, because they have never been changed except perhaps in a few cases, maybe eight or ten cases since I have been there, but they were less at some times in the history of the road.

Commissioner Harlan: Have you any trackage rights with any

line?

Mr. Bernardin: We have now. The timber company owns some timber quite a ways off, and it was thought best for them to spur off from the Louisiana & Arkansas. There are, I think, two trackage contracts with the Louisiana & Arkansas; they are all on file with the Commission.

Commissioner Harlan: Just explain now to what point. Is that

east from Grant or west from Grant?

Mr. Bernardin: We go west from Grant, and they spurred off first at a station above Packton, Arkansas, and after they got some timber there, I think they went still farther west.

Commissioner Harlan: What acreage is owned by the lumber

company?

Mr. Bernardin: About 105,000 acres.

Commissioner Harlan: Do you give that as the ownership at this time?

1200 Mr. Bernardin: Yes.

Commissioner Harlan: Some of it has been lumbered off,
I suppose?

Mr. Bernardin: Yes, sir. There are about 30,000 acres which

have been denuded.

Commissioner Harlan: Are there any other interests upon your logging rails?

Mr. Bernardin: No, there is not a mill out there?

Commissioner Harlan: No stave mill? Mr. Bernardin: Not a stave mill; no, sir.

Commissioner Harlan: No cotton or farm produce?

Mr. Bernardin: No.

Commissioner Harlan: Practically nothing but logs?

Mr. Bernardin: That is all there is we have hauled out; think we had divisions on staves and stave bolts, but it is

practically nothing.

Commissioner Harlan: You do not make use of them to speak of?
Mr. Bernardin: If anybody wants them, we have several set-out
tracks, and if they want to put anything there we will get a car for
them and set it so they can load it.

Commissioner Harlan: What is the geographical situation at Selma? I have in mind the saw mill and planing mill and the tracks of the Iron Mountain. How far is the saw mill from the

Iron Mountain tracks?

Mr. Bernardin: What we call the old mill, the mill site, comes right up to the Iron Mountain right of way. I think the loading track there just clears their right of way. On the other side of the Iron Mountain track I think that must be two or three hundred feet from the Iron Mountain right of way.

Commissioner Harlan: Are both mills in operation?

Mr. Bernardin: Yes, sir.

Commissioner: What did you call it, the old mill?

Mr. Bernardin: The old mill and new mill. We built a new mill there after the present people acquired the property.

1202 Commissioner Harlan: And the planing mill is on the

right of way of the Iron Mountain?

Mr. Bernardin: Well, it is located so, of course, they can load on the loading track; that is, at the old mill. If I am not mistaken it just clears the Iron Mountain right of way; it is parallel to it. On the other side it is between two and three hundred feet.

Commissioner Harlan: The Iron Mountain has a spur track run-

ning to both mills?

Mr. Bernardin: No, sir; they only own their track up to their right of way and from there on the mill company owns the track.

Commissioner Harlan: And the mill companies built them in the

beginning, or did the Iron Mountain lay them for them?

Mr. Bernardin: I cannot say as to the old one but I know when the new one was built the mill company built that themselves.

Commissioner Harlan: And owns the rail?

Mr. Bernardin: And owns the rail.

Commissioner Harlan: Where is your lumber marketed generally?

Mr. Bernardin: Oh, from Pennsylvania to Colorado and north of the Ohio River, and probably half east and west of the Missis-1203

Commissioner Harlan: Generally speaking do you get five

cents on the bulk of your product?

Mr. Bernardin: No.

Commissioner Harlan: What was your highest percentage?

Mr. Bernardin: I thought there was maybe some five cents; here is a statement, your Honor, that may give you some light on the divisions. I would be glad for you to have it.

Mr. McRae: You said from two to four cents.

Mr. Bernardin: Yes, sir; from two to four cents, they vary according to the revenue the trunk lines get out of it.

(The paper so offered and identified was received in evidence and thereupon marked "Louisiana Railway, Exhibit No. 1, Witness Bernardin," received in evidence December 12, 1910, and is attached hereto.)

Commissioner Harlan: There seems to be some average figures

here, 3.24; would you say that is correct?

Mr. Bernardin: Yes, sir; that is what I got it up for, to determine the average divisions we got, and that was taken from the remittances as we received them.

Commissioner Harlan: Do you move out any manufac-

tured lumber over the Louisiana and Arkansas?

Mr. Bernardin: Yes, sir; that two and one-quarter mile haul from Selma to Grant.

Commissioner Harlan: What proportion of your manufactured

product goes out in that way?

Mr. Bernardin: I think that tells right there. It gives the two lines; it is about half and half I think. I saw here where—it is about half and half, it runs here.

Commissioner Harlan: Are there any understandings or agree-

ments that produce that result?

Mr. Bernardin: Not a thing, except that you cannot play ball with one fellow part of the time and not all the time. If you do not kind of divide it up, when cars are scarce they remember you did not give them any business when they had plenty of cars and they don't wait on you.

Commissioner Harlan: And that is the reason you do divide it up?

Mr. Bernardin: Yes. sir.

Commissioner Harlan: That is a stub of the Louisiana and Arkansas?

Mr. Bernardin: No.

Commissioner Harlan: Where does it run to the east from Grant?

1205 Mr. Bernardin: It runs over to Jena.

Commissioner Harlan: What does it connect with there?

1206

Mr. Bernardin: That is its terminus. It does not connect with any line.

Commissioner Harlan: That is the reason I called it a stub.

Mr. Bernardin: Oh, yes, sir; I see. There was a time when that was its main line over there into Hope, Arkansas, and later they built from Packton down to Alexandria.

Commissioner Harlan: Did I ask you what your capital stock is?

Mr. Bernardin: Of the railroad company?

Commissioner Harlan: Yes, sir.

Mr. Bernardin. Yes, sir, it is \$25,000, but we subsequently increased it to \$100,000.

Commissioner Harlan: What did it cost?

Mr. Bernardin: Well, we have about \$200,000 in there now, \$204,000.

Commissioner Harlan: Actual investment?

Mr. Bernardin: Yes. sir.

Commissioner Harlan: And you have \$100,000 in stock and \$100,000 bonds?

Mr. Bernardin: No, no bonds. The surplus or earnings

which were left were put into the property.

Commissioner Harlan: Have you paid any dividends?

Mr. Bernardin: No.

Commissioner Harlan: You have put the net earnings back into the property?

Mr. Bernardin: Yes.

Commissioner Harlan: To the extent of about \$100,000?

Mr. Bernardin: Yes, sir.

Commissioner Harlan: In what period of time?

Mr. Bernardin: Well, when these people bought the property the stock was \$25,000 and we gave \$85,000 for the railroad; in other words 340 for the stock, and with what surplus there was in then and what we have left in after, so that the surplus and capital was more than \$100,000. We declared a \$75,000 stock dividend.

Commissioner Harlan: I am not sure that I get the details.

You say you bought the road at \$25,000?

Mr. Bernardin: Well we bought it from the stockholders; I mean these present stockholders gave what was equal to \$340 a share for this stock of the Louisiana Railway Company, and as I say, with the surplus that they then had and what was left in, when we equalled more than \$100,000 so we could declare out

\$75,000 in a stock dividend we did so, to make the capital

1207 \$100,000.

Commissioner Harlan: Have you stated what the road originally cost or do you know?

Mr. Bernardin: Well, we thought it was worth \$85,000 when we bought it. But I do know—

Commissioner Harlan: I do not mean what you bought it for, but what did the original builders of the road pay for it?

Mr. Bernardin: I think it cost \$85,000, because so far as I know the actual money—

Mr. McRae: He was not connected with the first organization.

Commissioner Harlan: You do not know what it originally cost?

Mr. Bernardin: No, but we sort of appraised the thing when we bought it and considered it worth that much money.

Commissioner Harlan: \$85,000?

Mr. Bernardin: Yes, sir. And I know that since then whatever has gone on the books has been actually spent.

Commissioner Harlan: What accumulated surplus did you find

when you bought the road?

Mr. Bernardin: There was about \$65,000 we thought in there at the time.

1208 Commissioner Harlan: You mean the surplus was in the form of an invested asset, it was not cash?

Mr. Bernardin: No.

Commissioner Harlan: It was simply the investment value of the road?

Mr. Bernardin: Yes.

Commissioner Harlan: That equalled \$25,000 and a surplus of \$60,000?

Mr. Bernardin: Yes, sir.

Commissioner Harlan: And then you put in some more capital and that brought up the capital-

Mr. Bernardin: We did not put in any more money but we left the earnings in, we did not take anything out.

Commissioner Harlan: And you finally issued \$100,000 of stock? Mr. Bernardin: \$75,000 more, to make it \$100,000 issue.

Commissioner Harlan: What was the mileage at that time when

you bought the road?

Mr. Bernardin: I think it was about eight or nine miles; I do not recall just what it was, and they have the usual amount of stuff for spur tracks.

Commissioner Harlan: At the time you bought the road there

were eight or nine miles?

Mr. Bernardin: Yes.

1209 Commissioner Harlan: And you appraised it at \$85,000? Mr. Bernardin: Yes, sir.

Commissioner Harlan: And you issued \$100,000 of capital?

Mr. Bernardin: We did not do that immediately. Commissioner Harlan: No, but after a while,

Mr. Bernardin: Yes.

Commissioner Harlan: How did you build the other eight miles,

was that built with earnings?

Mr. Bernardin: As far as they would go and the balance of it the lumber company would let them use their credit; that is in this way, they would buy steel for them and charge it to them; the railroad company did not have any credit except with its stockholders, and as they were all interested one way with the other, you might say that the lumber company financed the railroad.

Commissioner Harlan: For the other eight miles?

Mr. Bernardin: Yes.

Commissioner Harlan: How did it do that? Mr. Bernardin: In that way, that I tell you.

Commissioner Harlan: How did the railroad pay the timber company back, in service?

Mr. Bernardin: In service; yes, sir and in money.

Commissioner Harlan: The other eight miles were finally built out of the earnings of the railroad company, is not. that the case?

Mr. Bernardin: Yes.

Commissioner Harlan: What do you regard or understand to be the present value of this railroad? I will put that in a little different way. What do you understand to be the investment up to this time?

Mr. Bernardin: \$204,485.

Commissioner Harlan: Then in effect out of surplus income you have added \$100,000 to the investment?

Mr. Bernardin: Yes.

Commissioner Harlan: In what period of time did you do that? Mr. Bernardin: In five years; but you understand they still owe about \$18,000 or \$20,000 that they have not paid, but of course that is spent on the property.

Commissioner Harlan: With the exception of that, say, \$20,000.

the railroad is paid for?

Mr. Bernardin: Yes, sir. Commissioner Harlan: In what form is that debt represented? Mr. Bernardin: In just an open account.

Commissioner Harlan: An open account between the railroad company and the lumber company?

Mr. Bernardin: Yes.

Commissioner Harlan: That is to say the lumber company is still your creditor to the extent of \$18,000 or \$20,000?

Mr. Bernardin: Yes.

Commissioner Harlan: What were the net revenues for last year? Mr. Bernardin: Do you mean the fiscal year?

Commissioner Harlan: Ending June 30, 1910.

Mr. Bernardin: About \$40,000. Let me get it from the books and have it right-well it was \$39,824.71, after paying the taxes. Commissioner Harlan: And interest on this deferred payment to

the lumber company?

Mr. Bernardin: They have never charged us any interest; it was just an open running account, sometimes more and sometimes less. Commissioner Harlan: That approximates forty per cent on your

original cash investment of \$100,000?

Mr. Bernardin: Yes, sir; and twenty per cent on what is in there.

1212 Commissioner Harlan: It comes to this, does it not, that taking the operations of the railroad for the last year, that on June 30, 1910, you find yourselves in the position of a railroad that originally cost \$110,000 cash, in one way and another, to which you had added earnings to the extent of \$100,000 less \$18,000 remaining unpaid in open account, and you cleared net last year approximately \$40,000?

Mr. Bernardin: Yes. sir.

Commissioner Harlan: Have you stated what the total outbound

tonnage was last year of all kinds?

Mr. Bernardin: If you mean what we delivered to the other lines, I do not believe I can give it to you—yes, I can. It was 75,848 tons of lumber. We have the lumber tonnage separated from the logs.

Commissioner Harlan: Do you remember the number of cars?

Mr. Bernardin: No, but that would be about 3,000 cars.

Commissioner Harlan: Have you any other source of revenue?

Mr. Bernardin: No, sir. Commissioner Harlan: And the lumber company competes with other lumber companies in the general markets I presume?

Mr. Bernardin: Yes, sir.

Commissioner Harlan: Rather an active competitor, is it 1213 not?

Mr. Bernardin: We do the best we can.

Commissioner Harlan: And your lumber is pine, generally?

Mr. Bernardin: All pine.

Commissioner Harlan: Have you some questions Mr. McRae? Mr. McRae: I believe I would like to file this charter or at least call attention to it.

You have stated this railroad was incorporated before you had any

connection with it?

Mr. Bernardin: Yes, sir.

Mr. McRae: From where to where? Can you state that without

my finding it?

Mr. Bernardin: No. I cannot. I will have to find it in there myself. It says from a point in Concordia Parish, Louisiana, at or near Vidalia extending westward through the parishes of Concordia and Catahoula to a point on Little River at or near Simon's Ferry: thence through the Parish of Grant to the line of the St. Louis, Iron Mounain and Southern Railway, crossing the same in the northwest quarter of the northeast quarter of Section 29. Township 9, North Range 1 E., 342 feet from the point on the north line

of said section, where said St. Louis, Iron Mountain and Southern enters it, the angle of crossing being such a degree, and thence in a westerly direction through the parish of Grant and Winn to a point on the Red River between Montgomery

and Colfax at or near Lake Nautachas.

Commissioner Harlan: That seems to be news to you.

Mr. Bernardin: Yes, because it was all chartered and taken out before I had any connection with it.

Commissioner Harlan: You do not mean to say there is any plan before your company for carrying out this route?

Mr. Bernardin: I rather think there was because----

Commissioner Harlan: I do not mean that there was, but is there now?

Mr. Bernardin: No.

Mr. McRae: I was going to have you explain. Now, since you bought the stock on this road, which was projected into this territory, has another one of the defendant carriers built into the territory this charter sought to cover?

Mr. Bernardin: The Louisiana and Arkansas running from Grant to Jena covers a part of the territory named in the charter.

Mr. McRae: Did you understand that this was a real railroad projected at the time by the original promoters of it?

Mr. Bernardin: My understanding is that at the time the charter was taken out for this road that they had no saw

mill interests whatever.

Mr. McRae: Was it receiving divisions at the time you bought the stock in it?

Mr. Bernardin: It was.

Mr. McRae: The same divisions it is receiving now or substantially so?

Mr. Bernardin: Yes.

Mr. McRae: Would you have made the investment in the timber land there if you had not supposed you could continue the same divisions?

Mr. Bernardin: We would not have paid that price for it.

Mr. McRae: Is the Louisiana Railway recognized by the authorities in Louisiana as a railroad and assessed by the same Board as the defendant carriers?

Mr. Bernardin: They are.

Mr. McRae: Does it report to the Louisiana Commission in the form required of it?

Mr. Bernardin: Yes, sir.

Mr. McRae: Does it make a monthly and annual report to the Interstate Commerce Commission?

1216 Mr. Bernardin: Yes.

Mr. McRae: And complies with all regulations of that Commission?

Mr. Bernardin: Yes.

Mr. McRae: Does it keep its accounts separate?

Mr. Bernardin: Yes.

Mr. McRae: Do you pay per diem and charge demurrage?

Mr. Bernardin: We do.

Commissioner Harlan: Tell us about that. Do you charge demurrage against the lumber company?

Mr. Bernardin: Yes.

Mr. McRae: Do you publish tariffs and concur in tariffs of the other roads to which you are made a party?

Mr. Bernardin: Yes.

Mr. McRae: The company issues bills of lading?

Mr. Bernardin: Yes.

Mr. McRae: I believe you have explained the amount of holdings you have. I think his Honor asked you that.

Mr. Bernardin: Yes.

Mr. McRae: How far is the timber from the mill, have you stated that?

Mr. Bernardin: No, but it covers an area of about—it is 1217 three townships one way and about four another; it is pretty well scattered in those townships; it would be about eighteen miles by twenty-four.

Mr. McRae: What would this road be worth if it was denied the

through routes and joint rates and a division thereof?

Mr. Bernardin: I do not know, but they can have my stock for half price. I don't know what it would be worth.

Mr. McRae: I believe that is all.

Commissioner Harlan: Do the state laws provide a different basis

for taxing the logging roads and common carrier roads?

Mr. Bernardin: I think not. You know all roads in Louisiana have a period of about ten years, that is roads built during the period of ten years were exempt from taxes and that has expired, and I notice where our taxes have gone up.

Commissioner Harlan: It expired with your company?

Mr. Bernardin: Yes, sir. Well, it expired with all companies, and I mean those companies built during that time are now subject to taxation.

Mr. McRae: I will ask you to examine that and see if it represents correctly the position of the two railroads and your 1218 mill. (Handing paper.) Mr. Bernardin: Yes.

(The paper so offered and identified was received in evidence and thereupon marked Louisiana Railway Exhibit No. 2, Witness Bernardin, received in evidence December 12, 1910, and is attached hereto.)

Mr. Cowan: Speaking of demurrage, do you operate under de-

murrage or per diem?

Mr. Bernardin: The railway company pays per diem. If the mill company keeps the cars too long they charge them demurrage Mr. Cowan: You have ninety-six hours free time, have you not?

Mr. Bernardin: What is that?

Mr. Cowan: Don't you have ninety-six hours before you begin to

pay per diem?

Mr. Bernardin: Not as I understand it. Per diem commences when you take them off the connecting line tracks, unless they have changed them recently.

Mr. Cowan: The information we have recently from the examination made by the Commission is that you have ninety-six

1219

Mr. Bernardin: Whatever it is, it is done according to the rules of the Commission.

Mr. Cowan: Then that means that you do not know how that

is done?

Mr. Bernardin: No, I do not know about the details except I do know if there is any mill which keeps the car longer than they are allowed to, we charge them demurrage, and I know the connecting lines surely make us pay per diem.

Mr. Cowan: You were talking about the mill and I was talking

about your railroad.

Mr. Bernardin: I was talking about both of them.

Mr. Cowan: Your railroad gets a car from its connecting line and it goes out on this track and you turn it over to the mill company. Now the settlement between your railroad company and the Iron Mountain, for example, is based on a certain number of days of free time before you pay anything, is it not?

Mr. Bernardin: I do not think there is any free time between

railroads.

Mr. Jeffery: Not on per diem.

Mr. Bernardin: On per diem there is no free time between railroads.

1220 Mr. Cowan: Is there any per diem charge or demurrage charge by you against the lumber company?

Mr. Bernardin: I stated there was.

Mr. Cowan: How much free time do you give them?

Mr. Bernardin: Whatever the other lines give them; I think it is

forty-eight hours.

Mr. Cowan: It it not a fact that all the saw mills operating in Louisiana that you are acquainted with operate under some sort of plan or scheme whereby they get a division of the rate on the shipment of the lumber out from the mill?

Mr. Bernardin: I think most of them do. I cannot testify cer-

tainly, but I think they do in a general way.

Mr. Cowan: You said if the allowances or whatever we may call them were cancelled that then they could have your stock??

Mr. Bernardin: Yes, sir.

Mr. Cowan: At half price I believe you said. Would it not be necessary to operate this railroad in order to operate the saw mills?

Mr. Bernardin: I do not know that it would be necessary for the railroad to operate it. It would be necessary for some one, I reckon, or else the mill would have to go out of business. They would have to get their logs in there.

1221 Mr. Cowan: A logging railroad in some form or other is necessary in the transaction of the saw mill business; they

cannot carry it on without it?

Mr. Bernardin: They cannot run it without logs, that is sure, and you have to get them in some way.

Mr. Cowan: The most economical way is to get them in by rail?

Mr. Bernardin: I think it is, yes, sir.

Mr. Cowan: Do you ship lumber to Texas?

Mr. Bernardin: Yes, sir.

Mr. Cowan: You have divisions on all the roads to destinations on all different roads or parts of them?

Mr. Bernardin: Except the Santa Fe, I think.

Mr. Cowan: Do you have divisions with the Cotton Belt?

Mr. Bernardin: Yes, sir.

Mr. Cowan: And you get the same divisions to points other than the Santa Fe, no matter on what railroad the station is located to which you ship lumber?

Mr. Bernardin: You mean competitive points?

Mr. Cowan: Uniform divisions.

Mr. Bernardin: No, they are not uniform 1 stated they vary

from two to four cents.

1222 Mr. Cowan: Suppose you ship over the Iron Mountain to a point on the Cotton Belt in Texas, say Waco, would you get the same division?

Mr. Bernardin: No, we have no joint rates with the Iron Moun-

tain and Cotton Belt.

Mr. Cowan: That is why I was asking you. How would you reach the Cotton Belt?

Mr. Bernardin: By the Louisiana and Arkansas.

Mr. Cowan: What divisions would you get in such a case?

Mr. Bernardin: I cannot give you the details, they run from two to four cents.

Mr. Jeffery: You would get one cent in that case, would you

not:

Mr. Bernardin: I do not think there is any on which we get as little as one cent.

Mr. Jeffery: In Texas business on the Iron Mountain you would.
Mr. Bernardin: I do not think we have any joint rates with the
Iron Mountain to Texas points.

Mr. Cowan: Do you get any division on shipments made within

the State of Arkansas?

Mr. Bernardin: No, I think not.

1223 Mr. Cowan: Why is that? It has been stated here several times.

Mr. Bernardin: I don't know myself, but I do not think we ever did have a division on business going to the State of Arkansas.

Mr. Cowan: Do you haul that lumber and logs for nothing?
Mr. Bernardin: They do not sell any up there; the mill does not sell any lumber in Arkansas, Mr. Cowan.

Mr. McRae: We manufacture more lumber in Arkansas than we

can consume.

Mr. Cowan: I know that, but somebody testified they sold twenty-five per cent of their output in Arkansas.

Mr. Bernardin: Well, we do not sell.

Mr. Cowan: Do you sell any in Louisiana?

Mr. Bernardin: No, I, don't think we ever made a shipment in that state.

Mr. Cowan: But if you did, do you have divisions?

Mr. Bernardin: No, I think that would be the sums of the locals.
Mr. Cowan: You said you would not have paid as much for the timber if you had not had the division of the rates?

Mr. Bernardin: No, what I want to get in is this, we would 1224 not have paid as much for that property if it had not had divisions at the time we bought it, because we bought that property subsequent to the time that the Commission had passed on this tap line division and we took it into consideration and we thought that was a reasonably safe judgment to go on, and my opinion is we would have bought that property for considerably less if the tap line divisions were not in, because it was a consideration.

Mr. Cowan: You say "we" would have bought it. Did not "we" buy it from "we"?

Mr. Bernardin: No, we did not.

Mr. Cowan: I misunderstood you then.

Mr. Bernardin: No, we bought it from other people.

Mr. Cowan: That is the railroad.

Mr. Bernardin: I am speaking now, when I speak about buying the property, of the thing as a whole, that is the railroad, saw mill and timber land; it was all one transaction, all made, all at one time.

Mr. Cowan: Does the amount of the division of the rate enter

into the price of the lumber or-

Mr. Bernardin: To whom?
- Mr. Cowan: Anybody.

1225 Mr. Bernardin: I don't think so.

Mr. Cowan: Then somebody gets that division, of course, if it does not enter into the price of the lumber?

Mr. Bernardin: Yes, sir.

Mr. Cowan: Who else can get that except the parties who have the beneficial ownership in the railroad?

Mr. Bernardin: Who else could get the division? Do you mean

if there was no division?

Mr. Cowan: No; where there is a division, who gets the benefit of it if it does not enter into the price of the lumber? If it enters into the price of the lumber you said that the man that buys the lumber may get the benefit of it, but if it does not, somebody gets the benefit of the four cents.

Mr. Bernardin: Well, we as stockholders of the railroad company

are getting the benefit of it.

Mr. Cowan: And they are the same people who own the saw mill and own the lumber?

Mr. Bernardin: Yes, sir.

Mr. Cowan: Take some man who is operating a saw mill with a railroad to log his mill who does not get that division, he is at that much disadvantage.

1226 Mr. Bernardin: Yes, sir; he certainly is, unless he has got something in lieu of the division.

Mr. Cowan: Well, that is another question.

Mr. Bernardin: Well-

Mr. Cowan: There has been some reference to having something in lieu, and somebody getting the benefit in some other way. Do

you know of any case in which any person has?

Mr. Bernardin: I cannot testify to what I have not seen, but it is pretty well known that there are other considerations besides tap line divisions that some saw mill men have received from railroad companies, and I think that one of them so testified in this room about two days ago.

Mr. Cowan: The disposition then is to find some sort of a scheme

where somebody gets some benefit out of the through rate?

Mr. Bernardin: You will find that somewhere or some how they are all getting in the game and getting about the same thing; they may not get it on tap line divisions, but some way or somehow they are pretty nearly on the same basis.

Mr. Cowan: Do you sell to Santa Fe stations, for instance, to

Wichita?

1227 Mr. Bernardin: No, we have no divisions—yes, sir, into competitive points.

Mr. Cowan: You do not sell a shipment over the Santa Fe to that point?

Mr. Bernardin: No.

Mr. Cowan: Because you have no rates on the Santa Fe?

Mr. Bernardin: No.

Mr. Cowan: If you meet a man in competition at Wichita, whose mill is on the Santa Fe, and who cannot get in there on the same net rate you do and you ship in on the Rock Island and you get

four cents division, are you not in a position to outbid him?

Mr. Bernardin: I presume we would, if it came around to the point, we would take it away from the railroad company and give it to the mill company; but I want to answer you in another way. I do not believe that the saw mill man that gets a division takes that into consideration when he sells his lumber, because he always tries to sell it for all he can get for it, and he naturally would take pride in selling his lumber and getting just as much for it as the man did who had no division.

Mr. Cowan: Wherever he could do that, of course, he

1228 pockets the swag.

Mr. Bernardin: Sure he does. If I get four cents and another man does not get it and does not get anything in lieu of it, I have that much advantage over him, no doubt about that.

Mr. Cowan: If these divisions were canceled would that raise the

price of lumber in your opinion?

Mr. Bernardin: I think it would not. I think it would reduce it to the buyer.

Mr. Cowan: Why do you think it would reduce it?

Mr. Bernardin: Because the cost of lumber to the buyer is predicated on the cost at the mill and the freight added, and if you reduce the freight he will get it.

Mr. Cowan: I say if the divisions were canceled.
Mr. Bernardin: If the divisions were canceled?

Mr. Cowan: Yes.

Mr. Bernardin: I thought you said the rate. Mr. Cowan: I made a slip of the tongue, then.

Mr. Bernardin: Yes.

Mr. Cowan. I mean if the divisions were canceled would that increase the price of lumber if the rates remained the same and the divisions were canceled to the tap lines?

Mr. Bernardin: I do not think it would. I think the mill man through this ownership would make just that much

less money

Mr. Cowan: If the flat rate were reduced and the divisions canceled, then what would be the effect on the price of lumber?

Mr. Bernardin: It means cheaper lumber in St. Louis and Chicago, wherever those rates go.

Mr. Cowan: You seem to be a very intelligent man. Thank you

for the answer.

Mr. Bernardin: Well, it is probably what you wanted.

Mr. Cowan: Just how would you figure that out? You are an experienced man in the business. Tell the Commissioner how you reckon it would tend to reduce the price of lumber if you reduced the flat rate and cancel out the divisions to tap lines.

Mr. Bernardin: I already answered that.

Mr. Cowan: You said it would do it. How would it?

Mr. Bernardin: The mill man would add just that much less freight to the price you try to get at the mill for it. For example, we will say ten dollars at the mill for the lumber. The rate

1230 to St. Louis now is eighteen cents, that is four dollars and fifty cents freight as an average. That would be fourteen dollars and fifty cents. If you would reduce that rate to fifteen cents per hundred pounds then he would only add three dollars and seventy-five cents to his ten dollars.

Commissioner Harlan: He would add nothing to his price?

Mr. Bernardin: No, he would just give it to the man in St. Louis. You will find that the lumber men have price lists figured out on rates from I think sixteen cents to forty-five cents and when they go to quote a man on lumber they first look up his rate and then refer to that price list and quote him. You can see now that there are frequently times, as when they reduced the Omaha rates, the very day in fact some man anticipated it because they could not ship it until it went into effect, but they began to sell lumber in Omaha cheaper immediately after the rate was reduced from twenty-six cents to twenty-five cents.

Commissioner Harlan: Cheaper by the difference in the rate?

Mr. Bernardin: Yes, sir.

Mr. Cowan: Now, then, the man who is not getting any tap line division and who is not getting some advantage in some other fashion necessarily is at that much disadvantage so far as the profits

of his business is concerned compared to the tap line saw mill that is getting the division?

Mr. Bernardin: I have so stated.

Mr. Cowan: And that in your opinion lies in the profit of the manufacturing enterprise?

Mr. Bernardin: Yes.

Mr. Cowan: Does it not result, if the man without the tap line division and without securing some sort of beneficial arrangement otherwise cuts his lumber and sells it in competitive markets, it means he is marketing his timber cheaper than the man has to who gets the tap line division?

Mr. Bernardin: He can put it in his timber or lumber. In the

general operations he is handicapped that much.

Mr. Cowan: How do you estimate the net cost to a lumber company of the lumber?

Mr. Bernardin: We do not estimate it. We take our books for it.

Mr. Cowan: I assume you carry your lumber at a certain esti-

mated cost of production, the lumber you have on hand?

Mr. Bernardin: Oh, I think for purposes of taking stock every month we take ten dollars, but when we go to find out what the cost is we do not take ten dollars; we take our books for it. 1232 Mr. Cowan: Then you estimate the value of stumpage, the

value of your timber in the tree?

Mr. Bernardin: Well we have an arbitrary price that we charge the saw mill for stumpage and credit it to the timber account.

Mr. Cowan: Is that affected by the fact of having your tap line

divisions or by the amount of the rate?

Mr. Bernardin: It is not now, no; but it would have been affected if there had been none, because we are charging this out at a price now to work that account down. If the account had been less we could have charged less to the account.

Mr. Cowan: That is all.

Mr. Garwood: I would like to ask a question. If the Santa Fe has canceled out the through rates with its connections, tap lines and various trunk lines, and industries not situated upon the Santa Fe must ship upon the sums of the locals, does not that operate to give industries situated on the Santa Fe a monopoly of the Santa Fe local market?

Mr. Bernardin. Yes, sir.

Mr. Garwood: Are not industries not situated on the Santa Fe therefore shut out of competition with industries situated on the Santa Fe for all local markets upon the Santa Fe?

Mr. Bernardin: They are.

Mr. Garwood: Does not the fact as to whether the tap line divisions are an ultimate advantage to the stock owning interests, whoever they may be, depend upon whether or not the operations of the investment in the railroad are profitable and re-

Mr. Bernardin: That is such a long question I could not keep it.

(Question read.)

Mr. Bernardin: I do not understand it yet. I don't know what

you are driving at.

Mr. Garwood: In other words, if the railroad that is denominated here a tap line, that is built and owned by the same stock owning interests as own an industry, if that is not a profitable investment. then there can be no ultimate advantage to its owners, can there? Mr. Bernardin: Certainly not.

Mr. Garwood: Then that question inquired into by counsel depends wholly upon the question whether there is a profit made in that enterprise?

Mr. Bernardin: Yes, sir.

Mr. Garwood: You have stated that the cancelation of the 1234 through rate by the Santa Fe operates to give industries situated upon the Santa Fe a monopoly of its local market. it not also follow that those local markets are in the control, at least to that extent, of the industries situated upon the Santa Fe and are not those industries therefore in position to charge the

ultimate consumer at those local markets a higher price for th

lumber if they choose to do so?

Mr. Bernardin: They would probably have to, because they would not buy lumber as cheap as the fellow who was across the country on a line which had rates from this whole market down here.

Mr. Jeffery: When did you connect with the L. & A.?

Mr. Bernardin: As I say, it was connected there prior to 1905 when I got there.

Mr. Jeffery: So you don't know—— Mr. Bernardin: No, I think I stated it was about a year o eighteen months prior to that.

Mr. Jeffery: I notice you have a higher division to Oklahoma than

to anywhere else?

Mr. Bernardin: Yes.

1235 Mr. Jeffery: How do you account for that?

Mr. Bernardin: I don't know unless it is a short hau maybe out there and there was more to divide up on it.

Mr. Jeffery: A short haul via the L. & A.?

Mr. Bernardin: Yes.

Mr. Jeffery: As a matter of fact, don't you know that the division to Oklahoma was increased when you connected with the L. & A.?

Mr. Bernardin: No, as I say, they never have been changed, s far as I know, since we have been connected with them, and we wer connected with them about a year before I came here.

Commissioner Harlan: What do you understand, Mr. Jeffery?

Mr. Jeffery: I understand there was an increase. I noticed ther was a greater division to Oklahoma, which caught my eye, becaus ordinarily they are less.

Mr. Garwood: You gave some figures as to the result of your operation

tion for the last fiscal year.

Mr. Bernardin: Yes, sir.

Mr. Garwood: Those figures did not include any interest on th sum total of the investment in the railroad?

Mr. Bernardin: No.

Mr. Garwood: It was a mere operating account in other 1236

Mr. Bernardin: Yes, sir.

Mr. Coleman: Is your testimony with respect to the cancelation of any lumber rates from points on other lines to be understood as you belief that the Santa Fe has canceled some rates of lumber from othe

Mr. Bernardin: Do you mean recently?

Mr. Coleman: Well, you were a witness for the complainant in the Star Grain & Lumber case?

Mr. Bernardin: Yes.

Mr. Coleman: Your testimony which you gave there was wha you heard from others as to who canceled the lumber rates?

Mr. Bernardin: I expect the record can tell better than I. M. recollection is that the Santa Fe and the Cotton Belt were unable to divide the rate-

Mr. Coleman: I am speaking about the cancelation now.

Mr. Bernardin: I was going to say I don't know whether Mr. Hershey canceled them or Mr. Farrell, but I do remember they were canceled out and I believe a complaint filed before the Commission. I could not say on whom the responsibility rested for the cancelation of those rates.

Mr. Coleman: You complained pretty seriously of the alleged disability you labored under in selling lumber for the Buchanan Mills so-called.

Mr. Bernardin: Yes, sir,

Mr. Coleman: You do not know what course this cancelation took?

Mr. Bernardin: That was several years ago. I don't remember the details, only that I will say this, that the Santa Fe among lumber men had the credit for canceling out those rates. Whether they did or not I don't know.

Mr. Coleman: The record will show for itself, your Honor.

Commissioner Harlan: Yes.

Mr. Coleman: I would like to ask another question. You have been actively engaged in selling lumber for a great many years in the territory traversed by the Santa Fe rails, what is known as Trans-Missouri and Western Trunk Lines territory?

Mr. Bernardin: Yes, sir.

Mr. Coleman: Do you find any other lumber that you must compete against, except the lumber that originates at mills exclusively located on the Santa Fe rails to the Santa Fe markets?

1238 Mr. Bernardin: No, we have to compete with all this lum-

ber produced in the Southwest.

Mr. Coleman: What is your information or experience as to the mills that are available on other lines to Santa Fe markets, mills other than Santa Fe mills? Judge Garwood's question might give the inference that the Santa Fe mills have the exclusive access to local Santa Fe points. Do you not meet the competition of other saw mills that have through rates to Santa Fe points?

Mr. Bernardin: Yes, I think the Southern Pacific Mills get on to

the Santa Fe and some few Texas and Pacific mills.

Mr. Coleman: Any others?

Mr. Bernardin: Now, Mr. Coleman, after we got out of the Santa Fe's territory, at that time I just sort of dropped it, and I am not as familiar perhaps with the mills that get to local Santa Fe stations as I ought to be, or as others are, and it is only in a general way that I know now who really is on the local Santa Fe points.

Mr. Coleman: Do you know of any lines connected-

Mr. Bernardin: I do know one too; the Frisco, running across from De Quincy to Baton Rouge. They have joint rates with you because I have lately shipped some lumber from stations over there to stations on your line.

Mr. Coleman: Have you ever shipped any on the I. & G.

N.?

Mr. Bernardin: No.

Mr. Coleman: Do you know whether they have joint rates?

Mr. Bernardin: No. If you say so I will take your word for it, 33i Mr. Coleman: Do you know whether the Texas & Pacific have?

Mr. Bernardin: I said the Texas & Pacific.

Mr. Coleman: Do you know the lines connecting at Fort Worth have through rates to Santa Fe points?

Commissioner Harlan: The tariffs will disclose that. I do not

think we need go further with that.

Mr. Cowan: You spoke of getting out of Santa Fe territory.

Mr. Bernardin: What I mean is, we did not pay the attention to the customers along that line we did to other places. We could not get rates in there and could not pay attention to them if we sold them.

Mr. Cowan: So you naturally went to the best place you could get

divisions, as the Santa Fe did not give divisions?

Mr. Bernardin: Yes.

Mr. McRae: Do you mean that the people who were affiliated with that road in some way were able to undersell you and you had to get other markets?

Mr. Bernardin: It was that, and also because we went to other

markets, we did not want to go up against the game.

Mr. McRae: Is that the contract you read between the Grant Lumber Company and the railroad company?

Mr. Bernardin: Yes, sir.

(The paper so offered and identified was received in evidence and thereupon marked Louisiana Railway Exhibit No. 3, Witness Bernardin, received in evidence December 12, 1910, and is attached thereto.)

1241 Mill Creek and Little River Railway and Navigation Company.

W. A. Murray was called as a witness, and having been duly sworn, testified as follows:

Commissioner Harlan: State your full name.

Mr. Murray: W. A. Murray.

Commissioner Harlan: Where do you live?

Mr. Murray: Manistee, Louisiana.

Commissioner Harlan: What is your business? Mr. Murray: Lumber man and railroading.

Commissioner Harlan: With what railroad are you connected?
Mr. Murray: The Mill Creek and Little River Railway and Navigation Company.

Commissioner Harlan: What are the terminii of that road?

Mr. Murray: Bryants Spur on the west to right close to the Little River or at the Little River on the east.

Commissioner Harlan: With what regular line do you connect?

Mr. Murray: The Iron Mountain.

Commissioner Harlan: At Bryants Spur?

Mr. Murray: Yes, sir.

1242 Commissioner Harlan: When was the Mill Creek and Little River Railway and Navigation Company organized? Mr. Murray: In November, 1905.

Commissioner Harlan: At what time was the railroad built?

Mr. Murray: It was started I think in August, 1905.

Commissioner Harlan: By whom?

Mr. Murray: It was started by the Little River Lumber Company; it was started before the charter was gotten out.

Commissioner Harlan: How much of a track was built during

that year?

Mr. Murray: I expect about six miles was built in the first year. Commissioner Harlan: What was the total length of the constructed track at this time?

Mr. Murray: Close to ten miles.

Commissioner Harlan: When did the railroad company acquire title to the railroad property?

Mr. Murray: Not until 1908, I think it was.

Commissioner Harlan: Was that after the entire ten miles had been built?

Mr. Murray: No, some was built since then.

1243 Commissioner Harlan: How did it acquire the title, by purchase?

Mr. Murray: Yes, sir; it acquired title by purchase and by building part of it.

Commissioner Harlan: Who furnished the capital for the construction of the railroad?

Mr. Murray: The Little River Lumber Company.

Commissioner Harlan: And what was the total cost of the rail-road?

Mr. Murray: \$31,935.

Commissioner Harlan: Does that include the equipment?

Mr. Murray: No.

Commissioner Harlan: Is that the cost of the total completed track at this time?

Mr. Murray: Yes, sir.

Commissioner Harlan: What did the equipment cost and what equipment have you?

Mr. Murray: We have two locomotives and twelve logging cars.

Commissioner Harlan: What did it cost? Mr. Murray: The equipment, \$8,606.66.

Commissioner Harlan: So that the total investment approximates \$38,000?

Mr. Murray: Yes, sir.

Commissioner Harlan: Have you any stations on that road?

Mr. Murray: Yes, sir.

Commissioner Harlan: Passenger stations? Mr. Murray: No, sir; we carry no passengers, Commissioner Harlan: Do you carry any mail?

Mr. Murray: No.

Commissioner Harlan: Express?

Mr. Murray: No.

Commissioner Harlan: Do you own the right of way?

Mr. Murray: Part of it runs over the land of the Little River Lumber Company.

Commissioner Harlan: How much of it? Mr. Murray: About eight miles I think.

Commissioner Harlan: How did you get the other two miles?

Mr. Murray: We have a lead of two miles.

Commissioner Harlan: So you do not own the fee title to any of the right of way?

Mr. Murray: Not as railroad people.

Commissioner Harlan: Not as a railroad. Where is the mill of the lumber company?

Mr. Murray: At Manistee.

Commissioner Harlan: Where is Manistee with reference to Bryants Spur?

Mr. Murray: Three miles northeast.

Commissioner Harlan: Is the mill reached by the Mill Creek and Little River Railway and Navigation Company's rails?

Mr. Murray: Yes.

Commissioner Harlan: Have you a map of that road here?

Mr. Murray: No, sir; I have not.

Commissioner Harlan: I do not quite understand how it is that the mill is three miles north of Bryant's Spur. In what direction does the track run?

Mr. Murray: North and east.

Commissioner Harlan: Then the mill is how far from the Iron Mountain's rails?

Mr. Murray: About three miles.

Commissioner Harlan: How far is the planing mill from the Iron Mountain's rails?

Mr. Murray: It is a part of the saw mill and joins it.

Commissioner Harlan: Was the mill built after the rail-1246 road or before?

Mr. Murray: Before.

Commissioner Harlan: How long before?

Mr. Murray: I don't know. We did not build the mill.

Commissioner Harlan: You did not build the mill?

Mr. Murray: No.

Commissioner Harlan: You mean the Little River Lumber Company did not build it?

1247 Mr. Murray: No, we did not build it.

Commissioner Harlan: Had it been built several years before?

Mr. Murray: Yes, sir.

Commissioner Harlan: Was there any rail connection?

Mr. Murray: No.

Commissioner Harlan: How did it get its lumber over to the Iron Mountain rails?

Mr. Murray: On a wooden tram, and they got their logs into the mill with oxen and wagons as long as they could do so profitably, and then they had to quit.

Commissioner Harlan: At that time they were lumbering rather near the mill, were they not?

Mr. Murray: Yes, sir.

Commissioner Harlan: And after that was cut out, they had to find some more economical way of getting the logs?

Mr. Murray: They had no money to go ahead, and had to quit.

Commissioner Harlan: They had to quit?

Mr. Murray: Yes, sir.

Commissioner Harlan: And then your people came along and bought the mill?

Mr. Murray: Yes, sir.

Commissioner Harlan: And the lands? Mr. Murray: Well, they didn't have much land. 1248

Commissioner Harlan: And your people came along and bought the mill.

Mr. Murray: Yes.

Commissioner Harlan: And acquired additional lands?

Mr. Murray: Yes.

Commissioner Harlan: And constructed the road?

Mr. Murray: Yes.

Commissioner Harlan: How much of this road is logging road? Mr. Murray: We haul logs over the road east of the mill; we are hauling logs over that part of the road between Manistee and Bryant Spur.

Commissioner Harlan: I had in mind rather the character of

the road. From Bryant Spur to Manistee is it ballasted?

Mr. Murray: Yes, sir.

Commissioner Harlan: With what?

Mr. Murray: Well, with the soil which is there, which is kind of a gravelly soil, and makes a good ballast,

Commissioner Harlan: What rail have you between Bryants Spur and the mill?

Mr. Murray: 35 pound steel.

Commissioner Harlan: What is the character of the roadbed beyond the mill toward the forest?

1249 Mr. Murray: It is about just the same; it is a very hilly country; extremely hilly.

Commissioner Harlan: Cuts and fills? Mr. Murray: Yes, sir; a great many.

Commissioner Harlan: And the same weight of rail?

Mr. Murray: Yes, sir.

Commissioner Harlan: Then that part of the road, the ten miles, is operated by the railroad company?

Mr. Murray: Yes, sir.

Commissioner Harlan: Are there any logging roads that run into the main line?

Mr. Murray: After you get out about three miles beyond the mill there are logging spurs there.

Commissioner Harlan: Who own those spurs?

Mr. Murray: The railroad company.

Commissioner Harlan: Does it own the rails also?

Mr. Murray: Yes, sir.

Commissioner Harlan: And lays them down?

Mr. Murray: No, sir.

Commissioner Harlan: Who does the moving of those roads?

Mr. Murray: The lumber company.

1250 Commissioner Harlan: But you supply the material?
Mr. Murray: We supply the rails only.

Commissioner Harlan: They supply the right of way and the sleepers.

Mr. Murray: And the ties and construction. Commissioner Harlan: And the construction?

Mr. Murray: Yes, sir.

Commissioner Harlan: And you operate them for the lumber company?

Mr. Murray: Yes, sir.

Commissioner Harlan: I observe this railroad is also called a navigation company.

Mr. Murray: Yes, sir.

Commissioner Harlan: What is the meaning of that?

Mr. Murray: We figured at one time that we might operate floating property in connection with it.

Commissioner Harlan: Up what river?

Mr. Murray: The Little River.

Commissioner Harlan: How far is that from the eastern terminus of your road?

Mr. Murray: It is right at it.

Commssioner Harlan: Your road runs right to the river

1251 Mr. Murray: Yes.

Commissioner Harlan: Is there a landing there?

Mr. Murray: Not now there is not, because we never have carried out our original intention up to date.

Commissioner Harlan: You have not any boats on the river now?

Mr. Murray: No.

Commissioner Harlan: Do not receive any traffic that way?

Mr. Murray: No, we have no connection now.

Commissioner Harlan: Are there any communities on your line?

Mr. Murray: There are several settlers.

Commissioner Harlan: Is Bryants Spur a town or just a railroad connection?

Mr. Murray: No, sir, just a railroad connection. Commissioner Harlan: What about Manistee?

Mr. Murray: Manistee is a town of about two or three hundred people, I guess.

Commissioner Harlan: A company town?

Mr. Murray: That is all.

1252

Commissioner Harlan: Is there any other community on your line?

Mr. Murray: You mean town? Commissioner Harlan: Towns?

Mr. Murray: No.

Commissioner Harlan: No post offices? Mr. Murray: Manistee is a post office, Commissioner Harlan: But I mean east of Manistee.

Mr. Murray: No.

Commissioner Harlan: Just a few farmers? Mr. Murray: Yes, sir.

Commissioner Harlan: Do you move any hay or produce for the farmers in or out?

Mr. Murray: No, sir.

Commissioner Harlan: Do you get any lumber from the tram lines except the lumber belonging to the Little River Lumber Compamy?

Mr. Murray: No.

Commissioner Harlan: You have not any other outside traffic? Mr. Murray: Not much; not to speak of, I don't think any. Commissioner Harlan: Who are the officers of the railroad company?

Mr. Murray: John Pennington is president; M. L. Fleishel, is vice-president, H. R. Swartz is secretary, and I am treasurer 1253 and auditor.

Commissioner Harlan: Are those men also officers of the lumber company or stockholders? Mr. Murray: Yes, sir.

Commissioner Harlan: And the railroad is owned by the lumber company or its stockholders?

Mr. Murray: Owned by its stockholders, the same stockholders. · Commissioner Harlan: It is the same investment?

Mr. Murray: Practically.

Commissioner Harlan: Do the officers of the railroad company receive salaries from the railroad company?

Mr. Murray: Yes, sir; some of them.

Commissioner Harlan: What is the aggregate salary list; what does it amount to per year?

Mr. Murray: A little over \$2,000.

Commissioner Harlan: And they also receive salaries from the lumber company?

Mr. Murray: Yes, sir.

Commissioner Harlan: Where is the office of the railroad company?

Mr. Murray: Manistee.

Commissioner Harlan: In the office of the lumber com-1254 pany?

Mr. Murray: Yes.

Commissioner Harlan: Have you train crews and track employees?

Mr. Murray: Yes, sir.

Commissioner Harlan: Do they load and unload the cars and participate in the loading and unloading?

Mr. Murray: In the unloading, The train crew unloads the cars.

Commissioner Harlan: But they do not load them?

Mr. Murray: They do not load them.

Commissioner Harlan: I would like to know in detail about that.

You take a train load of cars and distribute them on the logging roads, do you not?

Mr. Murray: Yes, sir.

Commissioner Harlan: Do those railroad employees simply stay there idle until the other lumber employees load the cars?

Mr. Murray: No.

Commissioner Harlan: Or do they participate in it?

Mr. Murray: No, they bring the empty cars back and set them in on one spur, and they come up on another spur and get the
loads that have been loaded while they have been making the trip.

Commissioner Harlan: So they do not spend any time at that

Mr. Murray: No.

Commissioner Harlan: Except in making up the train?

Mr. Murray: They simply spot the cars and go and back up to other cars and go on.

Commissioner Harlan: But at the mill point they do the unloading into the pond?

Mr. Murray: They dump the logs off the cars.

Commissioner Harlan: What divisions do you have under through rates on manufactured lumber?

Mr. Murray: Two cents per 100 pounds both east and west of the river.

Commissioner Harlan: What service do you perform for that

compensation?

Mr. Murray: We haul the empty Iron Mountain cars from our connection at Bryants Spur to Manistee and spot them at the mill of the lumber company for loading, and then switch them out to our connection at Bryants Spur with the Iron Mountain, three miles; three miles empty and three miles loaded.

1256 Commissioner Harlan: Do you know what allowance or division the mill had from the Iron Mountain before you

bought it out?

Mr. Murray: They had none.

Commissioner Harlan: You know that to be the fact?

Mr. Murray: I do not know that to be the fact; but I should not suppose they had, because they had no railroad.

Commissioner Harlan: Well, they had a wooden rail?

Mr. Murray: Yes, sir.

Commissioner Harlan: What was the power?

Mr. Murray: Four mules.

Commissioner Harlan: Do you get any compensation for the hauling of logs into the mill?

Mr. Murray: Yes.

Commissioner Harlan: What compensation do you get?

Mr. Murray: Four dollars per car.

Commissioner Harlan: You take the empty cars out and distribute them on the spurs and you provide the motive power and haul the loaded cars back to the mill and unload them?

Mr. Murray: Yes, sir.

Commissioner Harlan: What was your total tonnage during the last fiscal year?

1257 Mr. Cowan: State it separately as to lumber and logs.

Mr. Murray: 52,622 tons.

Commissioner Harlan: That was all tonnage belonging to the Little River Lumber Company?

Mr. Murray: Not all logs or lumber; there was 197 tons of miscel-

laneous freight.

Commissioner Harlan: How much was miscellaneous?

Mr. Murray: 197 tons.

Commissioner Harlan: But it belonged to the lumber company, most of it?

Mr. Murray: Most of it; yes, sir.

Commissioner Harlan: Does the company have a company store? Mr. Murray: It has a store in which not all the lumber company

stockholders are interested; it has an interest.

Commissioner Harlan: Now, what was your total revenue last year, and how much was on lumber, and how much on other traffic?

Mr. Murray: \$18,379,23.

Commissioner Harlan: And what was the operating expense?

Mr. Murray: Total, \$17,129,91.

Commissioner Harlan: You had net revenue about \$1,000; is that it?

1258 Mr. Murray: Yes, sir.

Commissioner Harlan: You show transportation expenses of \$6,000 and maintenance of way \$5,600, maintenance of equipment \$2,800, general expenses \$2,200. Do you know about what your net operating expenses of the year before were?

Mr. Murray: I think they were some less, because there were two months of the fiscal year ending June 30, 1909 in which the road did not operate.

1259

Commissioner Harlan: Have you ever declared any dividend?

Mr. Murray: No.

Commissioner Harlan: Have you stated what capital stock was outstanding?

Mr. Murray: \$25,000.

Commissioner Harlan: In bonds?

Mr. Murray: No, sir.

Commissioner Harlan: The total cost of the road was about \$40,000, you said?

Mr. Murray: How much?

Commissioner Harlan: \$40,000, you said, for road and equip-

Mr. Murray: Pretty close to that; yes, sir.

Commissioner Harlan: Judge Cowan, have you any questions to ask?

Mr. Cowan: Just one or two questions. You haul the car out from the Iron Mountain without expense to it for loading, and deliver it back without expense to the Iron Mountain?

Mr. Murray: I do not catch the question.

Mr. Cowan: You perform the service for receiving the car, taking

it to the mill and delivering it back to the Iron Mountain without any expense to the Iron Mountain?

Mr. Murray: Except our two cents per 100 pounds.

Mr. Cowan: I understand, but there is no expense for the service?

Mr. Murray: Yes, sir.

Mr. Cowan: And they give you two cents per 100 pounds?

Mr. Murray: Yes.

Mr. Cowan: You sell your lumber, of course, in competition with some of these gentlemen who have been on the stand here, where the Iron Mountain goes into the siding by the planing mill and sets the car there and comes in and gets it and takes it out, and where they pay four cents division in such cases.

Mr. Murray: I don't understand-

Commissioner Harlan: This is the point. Judge Cowan says that you go and take an empty car of the Iron Mountain and set it at the mill where it is loaded and take it out again and get two cents. Now, he directs your attention to other cases testified to here by witnesses where the Iron Mountain does that same thing and pays somebody four cents.

Mr. Murray: Yes, sir. Mr. Cowan: Now, I will lay that as a predicate to ask the question. If you do not operate your business at a disadvantage compared to the man who gets the four cents, when it comes to selling in the end.

Mr. Murray: Not from selling our lumber, but from operating a

railroad, we do.

Mr. Cowan: But when you come to sell lumber, you are at that much disadvantage.

Mr. Murray: Not as a lumber company we are not. Mr. Cowan: Well, it is all one investment you have said.

Mr. Murray: Well?

Mr. Cowan: And so it was in the other cases testified about.

Commissioner Harlan: As the representative of this investment, would you object to that or not?

Mr. Murray: To the question?

Commissioner Harlan: No, not to the question, but to the 1261 practice.

Mr. Murray: Of the other people getting this four cents?

Commissioner Harlan: Yes.

Mr. Murray: I think they get a pretty good plum.

Commissioner Harlan: Well, doesn't it put you, as the representative of this investment, at a disadvantage, compared to the other investments?

Mr. Murray: Yes, he gets more out of his investment than we do, of course.

Commissioner Harlan: He also gets more out of the Iron Mountain than you do?

Mr. Murray: Yes, sir. That part of it is wrong.

Mr. Garwood: May I ask a question? Mr. Murray, a short line that connects with two or three or four trunk lines has a strategic position which naturally enables it to get better divisions than a short line that is tied onto one trunk line, does it not?

Mr. Murray: I never enjoyed that distinction. Mr. Garwood: Well, that is a fact, is it not?

Mr. Murray: I am only speaking from experience.
Mr. Garwood: Well, that is the natural result, is it not?

Mr. Murray: Maybe you know.

Mr. Garwood: Is not that what short lines are built for, to connect main trunk lines, to play one against the other and get the best trade they can out of the connecting trunk lines?

Mr. Murray: If there were two or three more adjacent to our mill,

I would certainly connect up with them.

Mr. Cowan: I had one other question I wanted to follow up with. Now, you have had your attention directed to the fact of the man getting four cents, whereas you get two cents. Now, let us take a case, and I will assume there are such cases, where a man who is situated somewhat as you are, and gets a car from the railroad and takes it out to his mill, performing the same sort of service you do, loads it and takes it back to the trunk line and gets no division for performing the same service. That puts you in a position compared to him of having two cents the best of it, as an investment proposition, does it not?

Mr. Murray: There might be other matters-

Mr. Cowan: Assuming there are not.

Mr. Murray: Assuming that there are not?

Mr. Cowan: Yes.

Mr. Murray: I assume he could not do it very long.

1263 Mr. Cowan: Why?

Mr. Murray: Because he would go out of business.

Mr. Cowen: Is competition in the sale of lumber such that it would put him out of business by the tap line saw mills having that advantage in the market?

Mr. Murray: Well, he might have some exceptionally good timber, or something like that, that might enable him to go on—

Mr. Cowan: But the tendency would be to hurt his business?

Mr. Murray: Yes.

Mr. Cowan: Now, you do know of manufacturers of lumber who do not get any divisions at all, do you not?

Mr. Murray: I am not very well acquainted with only a few of the lumber interests about

Mr. Cowan: Well, do you know of any which do not get divisions? Mr. Murray: Yes, I expect I do, who have not any railroads, though.

Mr. Cowan: What is that?

Mr. Murray: They have no railroads.

Mr. Cowan: Well, they may be situated about like you are in that particular.

1264 Commissioner Harlan: Mr. Jeffery, have you any questions?
Mr. Jeffery: No.

Commissioner Harlan: Is that all, Judge Cowan?

Mr. Cowan: That is all.

Commissioner Harlan: Mr. Murray, I have marked opposite the name of your road the phrase "Colonial System." Do you know anything about that?

Mr. Murray: No, sir, I do not know anything about that.

Commissioner Harlan: You are not connected with any other railroad of this kind.

Mr. Murray: No.

Commissioner Harlan: Or any other lumber company than the Little River Lumber Company?

Mr. Murray: No.

(Witness excused.)

Commissioner Harlan: Is the Mississippi, Arkansas & Western before the Commission?

(No response.)

Commissioner Harlan: The Mississippi Valley Railroad.

Mr. Ziebold: My client was here a number of days and he said it was urgent for him to be home, and he left Saturday and said he would be back tomorrow on the eleven o'clock train.

1265 Commissioner Harlan: We will endeavor to call that case tomorrow; I am not certain that we can arrange it. The Monroe & Southwestern Railway.

Mr. Mason: I am here for that company.

Mr. R. G. Pleasant: The Attorney General of the State has requested me to file an intervention in these proceedings in the name of the Railroad Commission of the State of Louisiana.

Commissioner Harlan: Have you prepared the petition?

Mr. Pleasant: Yes, sir; the petition is prepared.

Commissioner Harlan: Very well, it may be received. I assume that the petition presents no new issue requiring answer by any of the defendants.

Mr. Pleasant: I think not.

Commissioner Harlan: It will be received with that understanding.

Paper marked Filed, December 12, 1910, and is attached hereto.

1266 Monroe & Southwestern Railway Company.

J. E. Mason was called as a witness and having been duly sworn, testified as follows:

Commissioner Harlan: Where do you reside?

Mr. Mason: Monroe, Louisiana,

Commissioner Harlan: What is your business?

Mr. Mason: Auditor of the Monroe & Southwestern Railway. Commissioner Harlan: Will you tell me where Monroe is with respect to Alexandria?

Mr. Mason: Just north.

Commissioner Harlan: On the line of what railroad?

Mr. Mason: The Vicksburg, Shreveport & Pacific and the Iron Mountain, at the intersection.

Commissioner Harlan: Is Monroe the junction point with the

Iron Mountain?

Mr. Mason: Yes, sir.

Commissioner Harlan: How long is your railroad?

Mr. Mason: The main line is 103 miles, and the side track and spurs 63/4 miles.

Commissioner Harlan: When was your company organized?

Mr. Mason: I think it was in April, 1904.

1267 Commissioner Harlan: And what capital stock is authorized?

Mr. Mason: \$1,000,000.

Commissioner Harlan: And what issued?

Mr. Mason: \$172,000.

Commissioner Harlan: Have you any bond issue?

Mr. Mason: No bonds. There was an issue authorized, but it was never issued.

Commissioner Harlan: Who are the officers of this company? Mr. Mason: R. Henderson, president; A. E. Nicholson, vice-president; Nelson Sharpe, secretary; P. S. McLurg, treasurer; J. C. Pierce

attorney, and myself, auditor. P. S. McLurg, general manager, and C. C. Goodlett, superintendent.

Commissioner Harlan: Are those gentlemen also officers of the Grayling Lumber Company?

Mr. Mason: About two-thirds of them.

Commissioner Harlan: Are the stockholders of the railroad substantially the stockholders of that lumber company?

Mr. Mason: Practically. Commissioner Harlan: It is practically one and the same investment, by the same people?

Mr Mason: Yes, sir.

Commissioner Harlan: Do the officers of the railroad com-

1268 pany receive salaries?

Mr. Mason: Well, the general officers do not. I receive a salary, and one clerk and the superintendent.

Commissioner Harlan: Where are you offices?

Mr. Mason: At Monroe.

Commissioner Harlan: In the office of the lumber company?

Mr. Mason: In the same office.

Commissioner Harlan: How many locomotives have you?

Mr. Mason: We have four locomotives. Commissioner Harlan: How many cars?

Mr. Mason: I think 91.

Commissioner Harlan: By whom was the road built?

Mr. Mason: It was built originally by the Monroe Lumber Com-

Commissioner Harlan: Was that the predecessor of the Grayling Lumber Company?

Mr. Mason: Yes, sir.

Commissioner Harlan: The entire road was built by that con pany, including the spur tracks?

Mr. Mason: Yes, sir.

Commissioner Harlan: Did that company purchase and own th

Mr. Mason: It owned the whole thing. 1269

Commissioner Harlan: When did the Grayling Lumb Company succeed that lumber company as the owner of the railroad Mr. Mason: That was three years ago last January, 1906, I thin Commissioner_Harlan: Did you catch my question. Did the Grayling Lumber Company succeed the other lumber company

the owner of the railroad? Mr. Mason: Yes, sir; they did.

Commissioner Harlan: When did the railroad company itse acquire title to the railroad?

Mr. Mason: By purchase from the Monroe Lumber Compar

in 1904, when it was chartered.

Commissioner Harlan: Then the railroad company owned the railroad before the Grayling Lumber Company acquired the oth property of the original lumber company?

Mr. Mason: Yes, sir.

Commissioner Harlan: What lumber lands has the Grayling Lun ber Company?

Mr. Mason: You mean their timber rights or what does it own Commissioner Harlan: What does it own in fee and wh

1270 timber rights?

Mr. Mason: I cannot say exactly; somewhere about 40,0 acres in fee, I think; I am not sure.

Commissioner Harlan: And how many acres in timber righ

about?

Mr. Mason: Probably 5,000.

Commissioner Harlan: Does the railroad own its right of way?

Mr. Mason: Yes, sir.

Commissioner Harlan: And owns all of its rails?

Mr. Mason: Yes, sir.

Commissioner Harlan: Do you know what it originally cost?

Mr. Mason: No, I do not.

Commissioner Harlan: Has it any station at Monroe?

Mr. Mason: Yes, sir.

Commissioner Harlan: A joint station with any other compan Mr. Mason: No, a station of its own.

Commissioner Harlan: What kind of station has it?

Mr. Mason: A small building; one room with the place par tioned out for the station agent.

Commissioner Harlan: Does it receive less than carlo

1271 freight?

Mr. Mason: Yes, sir.

Commissioner Harlan: Has it any other station on its line? Mr. Mason: Only at Chatham, we have a man looking after of interests there.

Commissioner Harlan: How far is that from Monroe?

Mr. Mason: Ten miles.

Commissioner Harlan: That is the other terminus?

Mr. Mason: Practically, yes, sir.

Commissioner Harlan: Do you receive less than carload freight at that point?

Mr. Mason: Yes, sir.

Commissioner Harlan: Do you carry mail?

Mr. Mason: No.

Commissioner Harlan: Passengers?

Mr. Mason: Yes, sir.

Commissioner Harlan: Do you charge fare for passengers?

Mr. Mason: Yes, sir.

Commissioner Harlan: Sell tickets?

Mr. Mason: Yes, sir.

Commissioner Harlan: Run regular passenger trains?

Mr. Mason: Run regular passenger trains.

1272 Commissioner Harlan: How many? Mr. Mason: Two a day each way.

Commissioner Harlan: Do you carry any express matter?

Mr. Mason: No.

Commissioner Harlan: Who are these passengers?

Mr. Mason: Anyone who wants to travel; country people, employees, it makes no difference.

Commissioner Harlan: Very largely employees of the lumber

company and their families?

Mr. Mason: Not necessarily; there are a good many settlers out in the country who come to Monroe that way.

Commissioner Harlan: Is Monroe quite a town?

Mr. Mason: About 16,000.

Commissioner Harlan: Any industries besides your mill? Mr. Mason: Yes, sir; there are other industries there.

Commissioner Harlan: Other mills?

Mr. Mason: We have one located on our road outside of the Grayling Lumber Company.

Commissioner Harlan: Where is that?

Mr. Mason: About half a mile from West Monroe.

Commissioner Harlan: To whom does that belong?

Mr. Mason: To the Riverside Lumber Company.

1273 Commissioner Harlan: Is the Grayling Lumber Company interested in that lumber company?

Mr. Mason: No.

Commissioner Harlan: Are its stockholders interested?

Mr. Mason: No.

Commissioner Harlan: Is it wholly independent?

Mr. Mason: It is wholly independent.

Commissioner Harlan: It uses your rails for what?

Mr. Mason: To get its product on to the market; that is the only outlet for it.

Commissioner Harlan: You mean its manufactured lumber?

Mr. Mason: Its manufactured lumber; yes, sir.

Commissioner Harlan: Do you haul any logs to that mill?

Mr. Mason: We have not so far.

Commissioner Harlan: How does it get its logs?

Mr. Mason: By the river.

Commissioner Harlan: What river is that?

Mr. Mason: The Ouachita River.

Commissioner Harlan: How much of a haul do you have on its manufactured lumber to the Iron Mountain?

Mr. Mason: We deliver to the Vicksburg, Shreveport & Pacific.

1274 Commissioner Harlan: How much of a haul do you have? Mr. Mason: About a mile.

Commissioner Harlan: Over your own rails?

Mr. Mason: Yes.

Commissioner Harlan: Your own right of way?

Mr. Mason: Our own right of way.

Commissioner Harlan: What allowance do you get on that lumber?

Mr. Mason: \$5.00 a car switching charge.

Commissioner Harlan: That is a switching charge?

Mr. Mason: Yes, sir.

Commissioner Harlan: That is absorbed by the Vicksburg, Shreveport & Pacific?

Mr. Mason: No, that is our charge according to the tariff under authority from the Commission.

Commissioner Harlan: Who pays it?

Mr. Mason: The Riverside Lumber Company.

Commissioner Harlan: That is in addition to the rate?

Mr. Mason: That is in addition to the rate?

Commissioner Harlan: That does not come out of the rate charged to the Riverside Lumber Company on the through movement?

1275 Mr. Mason: We do not bill out anything; they bill it themselves from West Monroe.

Commissioner Harlan: They pay you the \$5.00 switching charge?

Mr. Mason: Yes, sir.

Commissioner Harlan: Do you know whether the Vicksburg. Shreveport & Pacific returns that or absorbs that in any way?

Mr. Mason: No, I have no information.

Commissioner Harlan: You have no information as to that?

Mr. Mason: No.

Commissioner Harlan: To come back to your own lumber, or the lumber of the Grayling Lumber Company, how do the logs of that company reach your line?

Mr. Mason: By rail over the Monroe & Southwestern Road. Commissioner Harlan: That is your line. How are they brought to your line?

Mr. Mason: They are loaded on cars, and the cars are bunched by locomotives, and then the regular train draws them to the mill.

Commissioner Harlan: The point is this, are there logging roads connected with your line that your company does not own?

Mr. Mason: No.

Commissioner Harlan: There are no logging roads? 1276

Mr. Mason: No.

Commissioner Harlan: You have not any spur tracks out into the woods?

Mr. Mason: Yes, sir; we have spur tracks out into the woods, but these are handled by the Monroe Lumber Company, outside of the railroad company.

Commissioner Harlan: That is the point I was trying to get at. Mr. Mason: They are moved from time to time without any cost to the railroad company, to assist the logging operations.

Commissioner Harlan: You spoke of the Monroe Lumber Com-

pany. You mean the Grayling Lumber Company?

Mr. Mason: I should say the Grayling Lumber Company. Commissioner Harlan: That company owns some spur tracks? Mr. Mason: It does not own the steel. The railroad furnishes

the steel.

Commissioner Harlan: Your company furnishes the steel?

Mr. Mason: Yes, sir.

Commissioner Harlan: And the lumber company lays the track? Mr. Mason: Lays the steel.

Commissioner Harlan: And moves the track whenever 1277 necessary?

Mr. Mason: And moves the track whenever necessary. Commissioner Harlan: It does that all at its own expense?

Mr. Mason: Yes, sir.

Commissioner Harlan: Has the lumber company any locomotives? Mr. Mason: No. We lend the lumber company a locomotive for that purpose.

Commissioner Harlan: So your locomotive goes out there and gets these logs on the logging cars and assembles them into a train

and draws them onto your main line?

Mr. Mason: Exactly.

Commissioner Harlan: What charge do you make to the lumber company up to the junction point with your line?

Mr. Mason: One and one-half cents a hundred.

Commissioner Harlan: That is 100 feet log measure?

Mr. Mason: 100 pounds.

Commissioner Harlan: 100 pounds?

Mr. Mason: One and one-half cents per 100 pounds.

Commissioner Harlan: And the service performed is simply to bring the log cars to your own rails?

Mr. Mason: Yes, sir.

1278 Commissioner Harlan: Then over your own rails up to the mill what do you charge? Mr. Mason: One and one-half cents.

Commissioner Harlan: Another cent and a half?

Mr Mason: No, that is the same one and one-half cents; that is from where the logs are assembled in carloads.

Commissioner Harlan: Then you haul the logs from the forest to the mill for one and one-half cents?

Mr. Mason: Yes, that is it.

Commissioner Harlan: Do you haul the logs of any other lumber company over your rails? Mr. Mason: No.

Commissioner Harlan: Do you haul any other merchandise over your rails?

Mr. Mason: Yes, sir; we haul ties, staves and stave bolts. Commissioner Harlan: Where do those things come from? Mr. Mason: From out of the woods that the people cut.

Commissioner Harlan: Are they the woods of the Grayling Lumber Company?

Mr. Mason: Some of them are.

Commissioner Harlan: Most of them?

Mr. Mason: Yes.

Commissioner Harlan: And the staves? 1279

Mr. Mason: Most of them are made by outside parties.

Commissioner Harlan: From what forest?

Mr. Mason: From forests adjacent to the railroad.

Commissioner Harlan: Are they Grayling Lumber Company's forests?

Mr. Mason: Some of them are from the Grayling forests.

Commissioner Harlan. Most of them? Mr. Mason: I could not say, I am sure.

Commissioner Harlan: Is that a large movement?

Mr. Mason: Not very large.

Commissioner Harlan: How many cars?

Mr. Mason: Probably two or three cars a month. Commissioner Harlan: And of ties, how many? Mr. Mason: Of ties it will average about the same.

Commissioner Harlan: What charge do you make on the ties? Mr. Mason: According to the regular tariff; I don't know what it

is without referring to it.

Commissioner Harlan: It is the same rate which is in effect from Monroe, is it not?

Mr. Mason: I do not understand the question.

Commissioner Harlan: Is it a joint through rate or a 1280 local rate?

Mr. Mason: Local rate on our line.

Commissioner Harlan: You haul them up to Monroe?

Mr. Mason: Yes, sir.

Commissioner Harlan: And make a local charge?

Mr. Mason: Yes, sir.

Commissioner Harlan: You don't know what that is?

Mr. Mason: Not without referring to the tariff.

Commissioner Harlan: Do you move these staves in the same way on a local rate?

Mr. Mason. Yes, sir.

Commissioner Harlan: Aside from that small movement, you have no traffic except the traffic of the lumber company which owns the railway?

Mr. Mason: And such traffic as we will get from people out in the country hauling in their produce, and such things as that,

Commissioner Harlan: How much does that amount to? Mr. Mason: It will amount to not more than five per cent.

Commissioner Harlan: Is that all carload?

Mr. Mason: No.

Commissioner Harlan: You have less than carload freight? 1281 Mr. Mason: We have less than carload freight; yes, sir.

Commissioner Harlan: Where is that delivered?

Mr. Mason: To Strozier, at Chatham. Commissioner Harlan: You have a station there for less than carload freight?

Mr. Mason: We have no stations, but have people meet the trains to receive it.

Commissioner Harlan: All that traffic amounts to about five per cent of the total?

Mr. Mason: Yes, sir.

Commissioner Harlan: That includes the inbound traffic, too?

Mr. Mason: Yes, sir.

Commissioner Harlan. The general merchandise?

Mr. Mason: The general merchandise.

Commissioner Harlan: 95 per cent is the traffic of the lumber company?

Mr. Mason: Of the lumber company, I should judge it would be that.

Commissioner Harlan: Do the railroad employees load these cars out in the forest?

Mr. Mason: No, the lumber company's employees.

1289 Commissioner Harlan: Do you unload them at the mill? Mr. Mason: The lumber company unloads them.

Commissioner Harlan: The railroad company employees do not participate in that at all?

Mr. Mason: No.

Commissioner Harlan: How far is your planing mill from the tracks of the regular line?

Mr. Mason: You mean the Monroe & Southwestern Railroad

Commissioner Harlan: No, the Iron Mountain.

Mr. Mason: The Iron Mountain railroad tracks, the spur runs up to the planing mill.

Commissioner Harlan: That spur belongs to the Iron Mountain? Mr. Mason: The steel does. We furnish the ties.

Commissioner Harlan: Do you have a contract with them for a spur track?

Mr. Mason: I don't know; I think there is a contract of some sort, but I am not positive.

Commissioner Harlan: Mr. Jeffery, will you furnish that contract also?

Mr. Jeffery: What is the name of that lumber company? Commissioner Harlan: The Grayling Lumber Company, 1283 of Monroe. Does the Iron Mountain ever put any cars on that spur track that you do not use?

Mr. Mason: I do not think they do.

Commissioner Harlan: The lumber is loaded right out of the planing mill onto the Iron Mountain cars, or such cars as they send there?

Mr. Mason: Yes, sir.

Commissioner Harlan: And the Iron Mountain carries them to their own main line?

Mr. Mason: Yes, sir.

Commissioner Harlan: Your railroad does not move that lumber at all?

Mr. Mason: Not after it is loaded in the cars.

Commissioner Harlan: Does it set the empty cars there?

Mr. Mason: No.

Commissioner Harlan: Is most of your lumber dressed lumber?

Mr. Mason: Yes, sir.

Commissioner Harlan: You ship out very little of the rough lumber?

Mr. Mason: Very little.

1284 Commissioner Harlan: What compensation does your railroad company get from the Iron Mountain on the outbound lumber?

Mr. Mason: Four cents.

Commissioner Harlan: Now, as I understand it, you have not done any service at all in connection with the outbound shipments, and yet you get four cents per 100 pounds. Just why do you get that?

Mr. Mason: We get it for developing that country; developing that business.

Commissioner Harlan: For developing the traffic?

Mr. Mason: Yes, certainly.

Commissioner Harlan: Is that the basis of the payment that is made to you?

Mr. Mason: I could not say. I have not seen the paper myself. Commissioner Harlan: No; I mean is it your understanding that you get four cents per 100 pounds on this outbound lumber as an inducement or to aid you in developing this traffic?

Mr. Mason: That is my understanding.

Commissioner Harlan: Not because you do any transportation service?

1285 Mr. Mason: No.

Commissioner Harlan: Is the four cents a fixed allowance on all outbound shipments?

Mr. Mason: No, we only get three cents on some. It just depends. On some we do not get any.

Commissioner Harlan: On what traffic do you get nothing?

Mr. Mason: On the local points in Arkansas and Louisiana.

Commissioner Harlan. What do you get to Oklahoma?

Mr Mason: Four cents; that is, providing the junction point is not Little Rock.

Commissioner Harlan: What do you get to Little Rock?

Mr. Mason: Nothing.

Commissioner Harlan: You get nothing to Little Rock?

Mr. Mason: We get nothing to Little Rock.

Commissioner Harlan: Suppose you move out rough lumber, do you get anything to Little Rock then?

Mr. Mason: No, nothing to Little Rock.

Commissioner Harlan: What was your total tonnage last year?

Mr. Mason: 99,338 tons.

Commissioner Harlan: And your total revenue, and your net revenue also.

1286 Mr. Mason: Total revenue \$41,864.11, and net revenue with taxes deducted was \$9,321.58.

Commissioner Harlan: And your company does not pay any dividends, does it?

Mr. Mason: No.

Commissioner Harlan: And you have no bond issue?

Mr. Mason: No bond issue.

Commissioner Harlan: No interest to pay?

Mr. Mason: No. sir.

Commissioner Harlan: Have you an accumulated surplus?

Mr. Mason: Yes, sir; \$23,988.50.

Commissioner Harlan: That is not cash, of course?

Mr. Mason: No.

Commissioner Harlan: It is money you put back from earnings into the property?

Mr. Mason: Yes, sir; that would be reduced if that four cents was taken off; it would be a losing proposition then.

Commissioner Harlan: In other words, your net earnings are helping you to build up a railroad there; is not that it?

Mr. Mason: Yes, sir.

Commissioner Harlan: That is the way it is being used? Mr. Mason: That is the way practically it is used.

Commissioner Harlan: Do you file your reports with the 1287 Interstate Commerce Commission?

Mr. Mason: Yes.

Commissioner Harlan: You filed your annual report for 1909 and in that you say that you moved during that year some 16,000 tons of lumber. What did you move in 1910 of lumber?

Mr. Mason: 16,635 tons.

Commissioner Harlan: Now, as a matter of fact, did you move

any lumber in either year?

Mr. Mason: Well, that was a question that I have been trying to find out; whether it was correct or not to put it in. I tried to find out from the young man who was here asking questions today, when he came around getting data from us, I think it was last Spring, and he could not give me an answer on that. I brought up that very point with him as to whether that should be included in that tonnage or not.

Commissioner Harlan: Well, I suppose what you mean to say

is that he did not give you an answer.

Mr. Mason: He did not give me an answer.

Commissioner Harlan: Well, that is a little different from "could not give it."

Mr. Mason: Well, that is what I mean.

1288 Commissioner Harlan: He declined to answer the question?

Mr. Mason: Yes. I wanted that information.

Commissioner Harlan: Where is the mill of your company with reference to the river?

Mr. Mason: Alongside the river, on the river banks. Commissioner Harlan: On which side of the river?

Mr. Mason: On the east side.

Commissioner Harlan: And where is your rail terminus?

Mr. Mason: On the west side.

Commissioner Harlan: How does the lumber get across the iver?

Mr. Mason: By cable transfer.

Commissioner Harlan: I mean how do the logs get across the river?

Mr. Mason: By cable transfer.

Commissioner Harlan: So that as a rail proposition, you do not

get a chance to handle lumber at all?

Mr. Mason: Only from that Riverside mill; that is the lumber proper. The logs are way billed as in transit, for manufacture in transit.

Commissioner Harlan: Your rails do not cross the river?

Mr. Mason: No.

1289 Commissioner Harlan: And your mill is across the river?
Mr. Mason: Yes, sir.

Commissioner Harlan: And you have a sort of pipe line in between?

Mr. Mason: Well, it is a transfer, just like the T. & P. has a transfer across this river, only a little different style; that is all.

Commissioner Harlan: Have you any questions, Judge Cowan? Mr. Cowan: In case of the local movement to points in Louisiana and Arkansas, where you do not get a division of the rates with the Iron Mountain, what does your railroad company charge the lumber company for moving that sort of traffic?

Mr. Mason: It does not charge anything, only what it gets out

of the logs, for hauling the logs to be manufactured.

Mr. Cowan: One and one-half cents per 100 pounds? Mr. Mason: One and a half cents per 100 pounds.

Mr. Cowan: Does that one and one-half cents enter into your receipts for hauling logs that go out in lumber to interstate points, where you get a division on the lumber, or do you refund that?

Mr. Mason: Do we refund that?

1290 Mr. Cowan: Yes.

Mr. Mason: No, we do not.

Mr. Cowan: Do you refund any part of it under any circumstances, of the one and a half cents?

Mr. Mason: No, I cannot say that we do. We sell very little locally.

Mr. Cowan: What sort of lumber do you manufacture; pine?

Mr. Mason: Pine lumber.

Mr. Cowan: Now, this man who has a saw mill situated on your line, other than your own, he pays \$5.00 a car?

Mr. Mason: Yes.

Mr. Cowan: And then he pays the rate from Monroe to wherever it goes? Mr. Mason: Yes.

Mr. Cowan: And you do not know of that being refunded?

Mr. Mason: No, I do not.

Mr. Cowan: Have you heard anything about it?

Mr. Mason: What is that?

Mr. Cowan: Have you any understanding about it?

Mr. Mason: No.

Mr. Cowan: If it is not refunded, he would be to the disadvantage of paying \$5.00 more per car and doing without his 1291 division, compared with the Grayling Lumber Company? Mr. Mason: I didn't exactly hear that.

(Question read.)

Mr. Mason: I do not see that he gets any division out of it.

Mr. Cowan: What is that?

Mr. Mason: I cannot see where that other lumber company would get any division.

Mr. Cowan: That is what I was saying.

Mr. Mason: Yes, he would really pay \$5.00 a car, besides the

regular freight rates.

Mr. Cowan: The Grayling Lumber Company, or rather, the beneficial owners of the property, save that \$5.00 a car, and get an allowance of four cents per 100 pounds in marketing their lumber?

Mr. Mason: How is that?

(Question read.)

Commissioner Harlan: Judge Cowan, there is a different railroad, and I have not put to this witness any questions as to his allowances from the Vicksburg, Shreveport & Pacific. you get from them?

Mr. Mason: We do not get anything from them, consequently we do not ship by the Vicksburg, Shreveport & 1292

Pacific.

Commissioner Harlan: The Vicksburg, Shreveport and Pacific is on the other side of the river?

Mr. Mason: Yes.

Commissioner Harlan: And that switch movement is west of the river for this other mill over the Vicksburg, Shreveport & Pacific, and the Grayling Lumber Company sends its logs across by wire, across the river, and they do not ship by the Vicksburg, Shreveport

& Pacific, and do not get any allowances by that road,

Mr. Cowan: I understand that now. That just makes the case that much worse, from my viewpoint. Take a car of lumber from the Grayling Lumber Company to St. Louis, over the Iron Mountain; they have not paid the \$5.00 switching charge per car, and the stockholders of that Grayling Lumber Company have received

back through the railroad which they own a division of four cents per 100 pounds on that car of lumber when it is delivered in St. Louis.

Mr. Mason: The railroad company receives the four cents, yes, but the lumber company pays the cost of transportation of those

logs across the river; they pay for that.

Mr. Cowan: The other man ships a carload of lumber to 1293 be sold in competition with this, and he has paid \$5.00 a car, and there is no division allowed on it. Now, is there not a preference by virtue of that transaction of—

Mr. Mason: I cannot see why it would be, because he has not to put his lumber across the river, and we have to put the logs across

the river.

Commissioner Harlan: But does it not work out this way, that he gets his lumber across the river and pays for it and you get it across the river and you are paid for it?

Mr. Mason: I don't catch that exactly.

Commissioner Harlan: Well, he puts his lumber across the

river, and he pays the cost of doing it.

Mr. Mason: No, he does not have to put his lumber across the river at all. It is already on the west side of the river, and he pays us the switching charge from his mill, that our railroad company handles, to West Monroe.

Commissioner Harlan: Well, put it in another way; his rate to

St. Louis is the same as your rate to St. Louis?

Mr. Mason: Yes,

Commissioner Harlan: And he pays the full rate"

Mr. Mason: Yes.

Commissioner Harlan: And you get something allowed out the rate?

Mr. Mason: No, we don't get anything.

Commissioner Harlan: Well, your railroad company does.

Mr. Mason: No. sir.

Commissioner Harlan: You get a division of four cents per 100 pounds.

Mr. Mason: Not from his lumber.

Commissioner Harlan: No, not from his lumber, but from your own.

Mr. Mason: From our own, yes, sir, but not from his lumber.
Commissioner Harlan: He pays \$5.00 and the full rate, and you
pay—

Mr. Mason: He pays us for the service we render him.

Commissioner Harlan: Yes, he pays you the switching charge

of \$5.00 and then he pays the full rate.

Mr. Mason: Just the same as if we have any stuff coming in over the Vicksburg, Shreveport & Pacific to our mill, we have to pay the Iron Mountain a switching charge of \$5.00, or if it is anything to be manufactured and reconsigned, we get it for \$3.00.

Commissioner Harlan: Now you have not told us of

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Mr. Mason: And then if we have to ship anything, if he 1295 lumber company ships anything via the Vicksburg, Shreveport & Pacific, we have to pay the Iron Mountain two cents per 100 pounds to get it switched to the Vicksburg, Shreveport & Pacific tracks.

Commissioner Harlan: Just to get your idea, you think that he is in no worse position than you are under existing conditions?

Mr. Mason: Shipping by the same railroad, he is in better shape. Commissioner Harlan: Well, shipping by one railroad, and you shipping by another, do you get into St. Louis on a substantial equality; is that your view?

Mr. Mason: Exactly, with the exception that he pays our railroad company \$5.00 extra switching charges, whereas the lumber company has to foot the bill of getting the logs across the river.

Mr. Cowan: Where do you bill the lumber from that you ship

on the main line?

Mr. Mason: Chatham.

Mr. Cowan: The bill shows from Chatham?

Mr. Mason: Yes, sir. Mr. Cowan: That is down on your line on the other side 1296 of the river from the saw mill?

Mr. Mason: Yes, sir. Mr. Cowan: Why do you bill it from down there?

Mr. Mason: It is way billed to Monroe to be worked in transit; the logs are, and then we rebill it from the same point as lumber. That was out instructions from the railroad company when that road was chartered.

Mr. Cowan: Where is the lumber billed from that goes out from

the other mill that you do the switching on?

Mr. Mason: From the Vicksburg, Shreveport & Pacific station as West Monroe.

Mr. Jeffery: What kind of a mill have you got there, a hard wood or yellow pine mill?

Mr. Mason: Yellow pine.

Mr. Jeffery: Are all the mills there yellow pine?

Mr. Mason: No, the Riverside Company's mill is a hard wood mill, but they do saw pine as well as hard wood, mixed.

(Witness excused.)

1297 North Louisiana and Gulf Railroad.

James L. Dormon was called as a witness, and having been duly sworn, testified as follows:

Commissioner Harlan: Where do you live?

Mr. Dormon: At present I am living in Bienville Parish, where we are installing a salt works.

Commissioner Harlan: What company are you connected with? Mr. Dormon: I am president of the Central Salt and Mineral Company.

Commissioner Harlan: Is your works or present place of business

near the tracks of the North Louisiana & Gulf?

Mr. Dormon: It is.

Commissioner Harlan: How near?

Mr. Dormon: They have a temporary spur to our plant now and have surveyed for a permanent line to their main line between three and four miles away, so I am informed by their civil engineer a few days ago.

Commissioner Harlan: How long is that temporary spur?

Mr. Dormon: Well, it would be hard to say because there are so many spurs there. I suppose two or three miles long.

Commissioner Harlan: It was put in especially for your

1298 plant?

Mr. Dormon: I don't think it was put in entirely for my plant, but largely, because there is more track there than I think they would have any use for without our plant; but understand, I don't know exactly what holdings they have around there in the way of timber holdings, so I could not say whether that would serve some more of their timber holdings, but I rather think not.

Commissioner Harlan: You are using that spur at present?

Mr. Dormon: Yes.

Commissioner Harlan: You are shipping?

Mr. Dormon: Yes, sir; we are shipping in; our plant is not entirely completed yet, but we are shipping in machinery.

Commissioner Harlan: At the completion of your plant you expect to be an outbound shipper?

Mr. Dormon: Yes.

Con missioner Harlan: To what territory?

Mr. Dormon: Arkansas, Louisiana, Alabama, Mississippi principally, and of those four probably more inside the State of Louisiana than outside.

Commissioner Harlan: Will you be a carload shipper?

Mr. Dormon: Exclusively.

1299 Commissioner Harlan: What tonnage do you expect to

ship out?

Mr. Dormon: We are installing our salt plant there for the capacity of three to four cars a day to begin with. In addition to that we shall also develop our crushed rock business.

Commissioner Harlan: Is that a by-product of your salt opera-

tions?

Mr. Dormon: No. The property is all on the same tract of land in a sense, but the operation of one has nothing to do with the other.

Commissioner Harlan: Do you mine salt there?

Mr. Dormon: Not at present. The first plant we are putting up is to take the brine from a deep well which we have dug, and evaporate it with steam.

Commissioner Harlan: Then you are to have a different mill

for the rock?

Mr. Dormon: Yes, sir.

Commissioner Harlan: What will you do with your rock?

Mr. Dormon: The hard rock we will sell for concrete and road making and such things as that.

Commissioner Harlan: What tonnage are you anticipat-

1300 ing of that character?

Mr. Dormon: I will give an instance which will illustrate it. I know four weeks ago there was a contractor who almost begged me to make a contract to supply him with about three hundred carloads of crushed rock, and we were not quite ready and I had to refuse to make the contract, because we could not say we could do it right then.

Commissioner Harlan: Do you want to be understood as being engaged in two different manufacturing enterprises, one manufac-

turing of salt and the other of crushed rock?

Mr. Dormon: They are different, but they are related. It is all the same. Our company is the Central Salt and Mineral Company. It was organized to manufacture salt or other minerals or natural rock or lime or any of those things.

Commissioner Harlan: What have you to say as to your interest

in this general question?

Mr. Dormon: Our interest in this question of the survival of these short railroads is almost acute, because we are making quite an investment there in the plant. I was over east in October and bought a six hundred horse power boiler plant and we have already

ordered eight or ten carloads of lumber and have invested 1301 quite an amount there for labor and if these short railroads get put out of business and leave us without transportation we would be in very bad position and liable to lose our investment.

Commissioner Harlan: Have you understood from any source that there is any danger of the destruction of this railroad investment by any order of the Commission in this proceeding?

Mr. Dormon: No. sir; 1 have not, but-

Commissioner Harlan: Your interest as a shipper is only in the rates you have to pay?

Mr. Dormon: In getting the service and the rate.

Commissioner Harlan: Getting the service and the rate.

Mr. Dormon: Yes.

Commissioner Harlan: Good service and rates. Mr. Dormon: Good service and reasonable rates.

Commissioner Harlan: And if your rates are not disturbed your

interest is not acute?

Mr. Dormon: If we get good service and reasonable rates we are perfectly satisfied. If we can get that. The reason I made that remark in the form I did is that there is some newspaper talk I noticed some little article a long while back when this subject first

came up, whoever wrote the paper spoke as if it might be a 1302 very serious thing, and might put a good many of the short roads out of business, and I had that in mind in framing the answer as I did just now. I could not say whether it would or would not, I am not a lumber man or a railroad man and do not know any.

thing about that kind of business.

Commissioner Harlan: Is there any other statement you wish to make?

Mr. Dormon: Well, I might state this, that the North Louisiana

& Gulf Railroad nor the Huie-Hodge Lumber Company, neither one has any interest whatever in my company, and none of our stockholders hold any interest in those companies.

Commissioner Harlan: I assumed that was so or else you would

have so stated in the beginning.

Mr. Dormon: Yes, that is correct. I might add that I am now negotiating quite a large contract with a gentleman here for Swift & Company for a large order on this soft rock which we also have a deposit of there, to use for agricultural purposes, to be pulverized and spread upon the soil. That would be quite a large order itself. We will undoubtedly handle quite a large tonnage out of that.

Mr. Hodge: You have been over the line and from your observation of our equipment and road do you think we are

in a position to handle your outbound tonnage or not?

Mr. Dormon: I am perfectly satisfied of it, from the fact you have already handled some inbound shipment carloads and less than carload shipments satisfactorily.

Commissioner Harlan: As a merchant and shipper at this point, you will not be disturbed, as I understand it, if your rates are not

affected and your service is not affected?

Mr. Dormon: No, sir; if we can get a fair rate and good service. of course that will be perfectly *satisfieid*. That is all we ask for and all we have any right to ask for.

Commissioner Harlan: I so understand it.

Mr. Dormon: Certainly.

Commissioner Harlan: Is that all you care to speak of?

Mr. Dormon: Yes.

(Whereupon, at 6:10 o'clock p. m., an adjournment was taken to Tuesday, December 13, 1910 at 9:30 o'clock a. m.)

1304 New Orleans, La., December 13, 1910.

Met pursuant to adjournment at 9:30 A. M. Present: Parties as before.

Commissioner Harlan: In calling over the Iron Mountain cases we passed the Enterprise Railway, the Griffen, Magnolia & Western, the Lester & Ouachita Valley Railroad, composing what is commonly spoken of as the Southern Pine system.

Mr. Gaughan: The Lester & Ouachita Valley Railroad has not

entered any appearance and will not appear.

Mr. Brown: That road is not a part of the Southern Pine System.

Commissioner Harlan: Do you represent the Enterprise Rullway?

Mr. Brown: Yes, sir.

Commissioner Harlan: And those others, if you will call all the

witnesses who expect to be sworn in any of those cases-

Mr. Brown: Mr. Pierce, the General Auditor, represents all of those roads. I may say with reference to the Natchez, Ball & Shreveport, the report is not in the room. It is on the express

wagon. Mr. Pierce may be able to satisfy your Honor as 1305 to all the facts without the detailed statement, which is not

in the room at this time.

Enterprise Railroad Company; Griffen, Magnolia & Western Railway Company; Saline Bayou Railway Company; Natchez, Ball & Shreveport Railroad Company (Southern Pine System).

F. R. Pierce, was called as a witness and having been duly sworn, testified as follows:

Commissioner Harlan: Where do you live?

Mr. Pierce: St. Louis.

Commissioner Harlan: What is your position?

Mr. Pierce: I am the Auditor of the roads composing the Southern Pine System.

Commissioner Harlan: What roads are in that System?

Mr. Pierce: The Griffen, Magnolia & Western, the Enterprise Railroad; the Saline Bayou Railroad, and the Natchez, Ball & Shreveport.

Mr. Pierce: There is one other line in the system, the owners of which have not authorized me to make any presentation here for their account, the Lester and Ouachita Valley.

Commissioner Harlan: You are not able then to give us the facts about that road?

Mr. Pierce: I am not.

Commissioner Harlan: We will start with the Enterprise Railway. What is your relation to that road?
Mr. Pierce: I am the Auditor.

Commissioner Harlan: That is a Louisiana corporation?

Mr. Pierce: That is a Louisiana corporation.

Commissioner Harlan: The Griffen, Magnolia & Western Rail-

way is an Arkansas corporation?

Mr. Pierce: Yes, sir. The Saline Bayou road is an Arkansas corporation, and the Natchez, Ball & Shreveport is a Louisiana corporation.

Commissioner Harlan: When was the Enterprise Railroad in-

corporated?

Mr. Pierce: 1903,

Commissioner Harlan: What is its authorized capital?

Mr. Pierce: \$30,000.

Commissioner Harlan: What capital has been issued? Mr. Pierce: \$20,500, is my recollection.

Commissioner Harlan: Has it any issue of bonds?

Mr. Pierce: It has not.

Commissioner Harlan: Just state the names of the officers of that

road?

1307

Mr. Pierce: The president is J. A. Bentley; the treasurer is Paul Lisso; the auditor is F. R. Pierce; assistant auditor is H. H. Furby. I do not now recall the other officers. There have been some recent

Commissioner Harlan: Well, are they also officers of the Enter-

prise Lumber Company?

Mr. Pierce: Mr. Bentley is the president of the Enterprise Lumber Company. The other officers I do not know that they have any official connection with the Enterprise Lumber Company.

Commissioner Harlan: Who owns the Enterprise Railway?

Mr. Pierce: The Enterprise Railroad Company is owned by its own stockholders, but the controlling interest in the road is owned by the stockholders who own the Enterprise Lumber Company.

Commissioner Harlan: How much is the ownership in the rail-

way by stockholders in the lumber company.

1308 Mr. Pierce: It is practically entire.

Commissioner Harlan: Where is the mill of the Enterprise

Lumber Company?

Mr. Pierce: The Enterprise Lumber Company owns a mill located at Alexandria, Louisiana.

Commissioner Harlan: And is that one of the terminii of the

Enterprise Railroad?

Mr. Pierce: It is a terminus in this sense, that the Enterprise Railroad Company has a trackage right over the Iron Mountain road from Simms to Alexandria and it reaches Alexandria over the rails of the Iron Mountain road.

Commissioner Harlan: Where is Simms with relation to Alex-

andria?

Mr. Pierce: Twelve miles north.

Commissioner Harlan: Then the lumber company's mill is at Simms, on the Iron Mountain?

Mr. Pierce: No. sir.

Commissioner Harlan: Where is the mill?

Mr. Pierce: At Alexandria.

Commissioner Harlan: Well, running east from Simms on the Iron Mountain is the track of the Enterprise Railroad Com-1309 pany.

Mr. Pierce: Yes, sir.

Commissioner Harlan: And it is some eighteen miles long?

Mr. Pierce: I believe the mileage is less than that: I think it is twelve miles of main line.

Commissioner Harlan: Standard gauge?

Mr. Pierce: Standard gauge, 52 and 60 pound rail. Commissioner Harlan: How is it ballasted?

Mr. Pierce: It is a dirt road.

Commissioner Harlan: What equipment has the railroad company?

Mr. Pierce: It has a caboose, standard flat cars, locomotives of the ordinary type.

Commissioner Harlan: We have here seventy-one cars and three locomotives. Is that about right?

Mr. Pierce: I think that is absolutely correct; four locomotives, however, is my recollection.

Commissioner Harlan: That is owned by the railroad company? Mr. Pierce: That is owned by the railroad company.

Commissioner Harlan: Does the railroad company own its right of way?

Mr. Pierce: It does. Commissioner Harlan: Tell us when that railroad wa-1210 built.

Mr. Pierce: The road was built in 1903.

Commissioner Harlan: By the railroad company?

Mr. Pierce: It was inaugurated by the lumber company, but the railroad company was formed immediately after and as soon as its charter came out it took over the property.

Commissioner Harlan: Had the property been constructed at

that time?

Mr. Pierce: Only initiated.

Commissioner Harlan: Did it acquire the right of way over landof the Enterprise Lumber Company and from the lumber company? Mr. Pierce: It did partially and partially over the land of citizens.

Commissioner Harlan: What logging roads connect with the En-

terprise Railway?

Mr. Pierce: There are no logging roads connecting with the Enterprise Railroad. The Enterprise Railroad Company builds spurs into the timber in that territory belonging to the Enterprise Railroad Company and handles their timber for them from the woods to the main line.

Commissioner Harlan: Do they supply all the materialand do the labor at the expense of the railroad company?

1311 Mr. Pierce: They supply all the materials and do the labor for a compensation.

Commissioner Harlan: What is that compensation?

Mr. Pierce: I don't know.

Commissioner Harlan: Is that compensation received in the way of a rate for the hauling of the logs or is it a special compensation for the service?

Mr. Pierce: It is a special compensation based on the per thou

sand feet of logs basis.

Commissioner Harlan: Tell us what stations you have on that line.

Mr. Pierce: Clear Creek is our only station.

Commissioner Harlan: Where is that with relation to Simms?

Mr. Pierce: It is twelve miles east of Simms.

Commissioner Harlan: At the eastern terminus of the Enterprise Railroad?

Mr. Pierce: Practically at the terminus.

Commissioner Harlan: Have you a station building there?

Mr. Pierce: We have only a warehouse there. Commissioner Harlan: A warehouse?

Mr. Pierce: Well, a shed for receiving freight. 1312

Commissioner Harlan: Do you move less than carloat freight?

Mr. Pierce: We do.

Commissioner Harlan: Do you move mail and express matter?

Mr. Pierce: We do not.

Commissioner Harlan: Run any passenger trains?

Mr. Pierce: We do not. We handle passengers only free on our trains; we haul the citizens whenever they care to ride with us, but there is not sufficient traffic there to warrant the maintenance of service which would meet the requirements of the Commission, if we hauled them for hire.

Commissioner Harlan: What is the timber land which is being lumbered by the Enterprise Lumber Company, what is the extent

of it?

Mr. Pierce: I am not able to answer that within a reasonably accurate statement.

Commissioner Harlan: Can you approximate it, is it fifty thou-

sand or one hundred thousand acres?

Mr. Pierce: The original purchase there, if I recall it, as a matter

of gossip, was twenty-one thousand acres.
Commissioner Harlan: Original purchase by the Enter-

prise Lumber Company?
Mr. Pierce: Original purchase by the Enterprise Lumber Com-

pany.

Commissioner Harlan: Have they added to that since?

Mr. Pierce: They have.

Commissioner Harlan: Do they own as much as one hundred thousand acres, do you think, at this time?

Mr. Pierce: That would be mere conjecture. I should say they

did not.

Commissioner Harlan: As much as fifty thousand acres?

Mr. Pierce: It is possible.

Commissioner Harlan: Mr. Pierce, does your railroad haul any logs for any one other than the Enterprise Lumber Company?

Mr. Pierce: We do not, that I recall now.

Commissioner Harlan: Have you any outside traffic except in less than carload freight you have just referred to?

Mr. Pierce: We have some outside traffic in the way of forest

products.

Commissioner Harlan: And manufactured by mills on the line or near the line?

1314 Mr. Pierce: It is mostly of a character that does not pass through mills; stave bolts, cordwood and various products of that character, which is not milled.

Commissioner Harlan: Are those products made from lumber cut on the lands of the Enterprise Lumber Company?

Mr. Pierce: It is not.

Commissioner Harlan: What is the extent of that tonnage?

Mr. Pierce: It constitutes about three or four per cent of our road revenue.

Commissioner Harlan: Does that go into Alexandria?

Mr. Pierce: It does.

Commissioner Harlan: On the local rate?

Mr. Pierce: Most of it does—no, not a local rate but a through rate.

Commissioner Harlan: Through rate to Alexandria?

Mr. Pierce: Through rate to Alexandria. Commissioner Harlan: Joint through rate?

Mr. Pierce: Joint through rate covered by tariffs.

Commissioner Harlan: That is not hauled then by you into Alex-

andria under a trackage right?

Mr. Pierce: No. the Iron Mountain performs the service on that beyond Simms. We give that to them at Simms and they haul it in; our trackage right there only contemplates the 1315 handling of logs designed for this one mills.

Commissioner Harlan: Well, it is less than carload stuff usually,

is it not, or does it move in carloads?

Mr. Pierce: This forest product?

Commissioner Harlan: Yes. Mr. Pierce: Carload always.

Commissioner Harlan: What was your total tonnage last year?

Mr. Pierce: I will have to refer to the report. The total outside tonnage is given as 113,735 tons of lumber. Now, manifestly, in making up this statement Mr. Furby has construed as lumber everything in the nature of forest products.

Commissioner Harlan: Including logs?

Mr. Pierce: Including logs?

Mr. Pierce: Does your road move any lumber?

Mr. Pierce: We do not.

Commissioner Harlan: State in general terms what is the nature of this trackage arrangement that you have with the Iron Mountain?

Mr. Pierce: If you will permit me to amend that by saving

1316 we do not move any manufactured lumber.

Commissioner Harlan: What is the character of the agreement for trackage rights which you have with the Iron Mountain. what are the general terms?

Mr. Pierce: The general terms are on a basis of fifty cents a train

mile either way regardless of the size of the train. Commissioner Harlan: Empty and loaded?

Mr. Pierce: Yes, sir; the same charge for moving an empty train as loaded

Commissioner Harlan: Do you haul the trains with your own power into Alexandria?

Mr. Pierce: We do.

Commissioner Harlan: And is your mill at Alexandria directly on the tracks of the Iron Mountain?

Mr. Pierce: You mean the mill of the Enterprise Lumber Company?

Commissioner Harlan: When I say "your" I address you in two

Mr. Pierce: I have no relations with the Enterprise Lumber Company.

Commissioner Harlan: Very well, I mean the Enterprise 1317 Lumber Company.

Mr. Pierce: Their mill is located on the tracks of the Iron Mountain and the Texas & Pacific, both have switches in there. Commissioner Harlan: Who owns the switch into the plant of the

Enterprise Lumber Company?

Mr. Pierce: There are switches into this plant owned by the T. & P. and by the Iron Mountain and by the Enterprise.

Commissioner Harlan: Just how is that joint ownership arranged?

Mr. Pierce: These are separate switches.

Commissioner Harlan: Oh, they are separate switches?

Mr. Pierce: Separate switching facilities for the three roads there.

Commissioner Harlan: Have you a little sketch showing these switches?

Mr. Brown (producing paper): I think this shows them.

Mr. Cowan: When you use the term "Enterprise" on the tracks, you mean the railroad company or lumber company?

Mr. Pierce: I mean the railroad company always...

Commissioner Harlan: Mr. Pierce is not an officer of the lumber company. Now, here is a map called plat showing Enterprise 318 Lumber Company's proposed spurs at Alexandria. Just point out the location of the mill.

Mr. Brown: This may show it a little more clearly.

Mr. Pierce: This is the saw mill of the Enterprise Lumber Company down here (indicating).

Commissioner Harlan: Near the Bayou Filet? Mr. Pierce: Yes, sir. Now, this is our spur here.

Commissioner Harlan: Marked A line?

Mr. Pierce: Yes, sir.

Commissioner Harlan: I observe here another line marked C line, which at a point separates into two spurs, one marked D line, which approaches your saw mill on the south, and one still further to the south, marked "To Red River T. & P. spur." What is this D line spur?

Mr. Pierce: The ownership is T. & P.

Commissioner Harlan: That reaches your mill, does it?

Mr. Pierce: It does.

Commissioner Harlan: It is very close to your mill, is it not?

Mr. Pierce: At the mill.

Commissioner Harlan: Now, your own spur marked A line is not so close to the mill as this D line spur, is it?

1319 Mr. Pierce: It is practically as close, but it is on the opposite side of the mill.

Commissioner Harlan: Well, this map would seem to indicate it is some distance from the mill.

Mr. Pierce: If the trend of the question is to determine on what line we load, we do not load any outbound business on the spurs of the Enterprise road; that is for inbound business, and the outbound business is over the Iron Mountain and the T. & P. spur.

Commissioner Harlan: From the A line is another line running down through your mill. What is that; is it simply a survey line

r a rail line?

Mr. Pierce: That does not indiate a track at all. Commissioner Harlan: It is perhaps a survey line.

Mr. Pierce: These were survey lines for the purpose of determining the location of the log pond.

Commissioner Harlan: Does the log pond lie between your spur and the mill?

Mr. Pierce: No our spur track runs around the edge of the log

pond, but the log pond comes up to the rear of the mill.

Commissioner Harlan: These logging trains are operated over the Iron Mountain with your own engines and your own 1320 crews, using your own cars?

Mr. Pierce: They are.

Commissioner Harlan: And who dumps the logs into the pond?

Mr. Pierce: Our train crew.

Commissioner Harlan: Then the logs are taken from the pond into the mill and they are sawed and loaded out over this D line spur, which belongs to the T. & P., is that it?

Mr. Pierce: Partially so and partially over the Iron Mountain

spur.

Commissioner Harlan: Does the Iron Mountain spur reach the mill?

Mr. Pierce: It does.

Commissioner Harlan: Which is the Iron Mountain spur?

(Witness indicates on diagram.)

Commissioner Harlan: Then this map seems to indicate that the Iron Mountain spur comes in below the spur I refer to as being marked "To Red River T. & P. spur?"

Mr. Pierce: Yes, sir; they are both located there. Commissioner Harlan: Where is your planing mill?

Mr. Pierce: The Enterprise Lumber Company has no planing mill.

Commissioner Harlan: All their shipments are of the rough

1321 lumber?

Mr. Pierce: The shipments are not all what is known in the trade as rough lumber; there is in the saw mill of the Enterprise Lumber Company a single planing machine.

Commissioner Harlan: What is your general market; your largest

market?

Mr. Pierce: The question is difficult to answer. We take lumber from that mill consigned to all parts of the country. I am not sufficiently acquainted with their business to know what they consider the largest part.

Commissioner Harlan: Is it pine or hard wood?

Mr. Pierce: It is pine.

(The map so offered and identified was received in evidence and thereupon marked Enterprise Railway Company Exhibit No. 1, witness Pierce, received in evidence December 13, 1910, and is attached hereto.)

Commissioner Harlan: What proportion of your shipments go out over the Iron Mountain?

Mr. Pierce: The general division is around 75 per cent to the Iron Mountain.

Commissioner Harlan: Has that been so for the last three or four years?

1322 Mr. Pierce: I think that is about the percentage.

Commissioner Harlan: Were both spur tracks at the mill when your road was constructed?

Mr. Pierce: I am not prepared to say.

Commissioner Harlan: I wish you would find that out. Is there anyone here that knows? Do you know the facts, Mr. Brown?

Mr. Brown: I think the Iron Mountain spur, if your Honor will notice this map, it is dated August 27, 1903; I think at the time the Enterprise Road was constructed out there from Simms that the Enterprise Lumber Company at the same time took up with the Iron Mountain the question of constructing the spur into the mill at Alexandria.

Commissioner Harlan: Then the Iron Mountain was not there at

that time?

Mr. Brown: No, I do not think so.

Commissioner Harlan: Mr. Pierce, will you find out just when it was put in there? When you were first able to make shipments over the Iron Mountain on a spur near your mill. Do you receive any compensation from these two roads on outbound shipments, any payments, allowances or divisions?

Mr. Pierce: The Enterprise Railroad Company has in through rates and divisions with the Iron Mountain Road,

but not with the T. & P. Road on general traffic.

Commissioner Harlan: Has it ever had any divisions with the Texas & Pacific on lumber?

Mr. Pierce: We never have.

Commissioner Harlan: What are your divisions at this time with the Iron Mountain on through shipments of lumber?

Mr. Pierce: The quantity of the division?

Commissioner Harlan: Yes, the lowest and highest you receive under all available rates.

Mr. Pierce: Our divisions run from two cents to five cents; the average is three and something.

Commissioner Harlan: What service do you understand that the

Enterprise Railroad Company does for that money?

Mr. Pierce: We perform the service of initiating this traffic on our own lines. The movement commences with us and we haul it to Alexandria.

Commissioner Harlan: Well, is the through rate a rate on lumber?

Mr. Pierce: It is a rate on lumber in the log from the point of origin to destination, with the privilege of milling at any point on the Enterprise Road, or at junctions with the Iron Moun-

1324 tain.

Commissioner Harlan: Is the Iron Mountain's rate from Alexandria on lumber the same as the joint rate of the Iron Mountain and the Enterprise Railroad Company from the eastern terminus of the Enterprise Railway?

Mr. Pierce: I am not prepared to sav what the rate from Alexandria is, because I am not interested in it, but my understanding is that Alexandria comes in the blanket there, and the blanket is maintained over that territory.

Commissioner Harlan: The blanket goes back to the point where

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Mr. Pierce: The blanket goes back to Clear Creek.

Commissioner Harlan: You say you are not interested in the

rate. What do you mean by that?

Mr. Pierce: I mean there is nothing in my affairs that call upon me to know what the rate from Alexandria is. There is a general blanket rate on forest products from that territory.

Commissioner Harlan: Are you familiar with general conditions around this territory, so far as the lumber traffic is concerned?

Mr. Pierce: Yes, sir.

Commissioner Harlan: Mr. Pierce, I would like to know whether in your judgment it is possible for small mills to 1325 successfully compete with your mill, when you get divisions

of this kind, and they do not get any?

Mr. Pierce: You are assuming that I am interested in the Enterprise Lumber Company. You mean whether or not the Enterprise Lumber Company would have an advantage over these small mills? Commissioner Harlan: Yes, you can put it that way if you like.

Mr. Pierce: Not the slightest.

Commissioner Harlan: The mill that has to haul its product to the Iron Mountain station by wagon, now, can such a mill successfully compete with a mill that has this relation to a special railroad and gets an allowance on delivering the manufactured lumber by

rail at the junction?

Mr. Pierce: My experience would lead me to believe that the small mill that has its timber close enough to the trunk line to be able to handle it on wagons or lumber close enough to handle the lumber on wagons, would have an advantage over people of this character who are compelled to invest large sums of money in railroads in order to develop the timber territory.

1326 Commissioner Harlan: Are there a good many small mills

around here?

Mr. Pierce: There is very little timber left on the main lines of these trunk line roads in that territory today that is available. That is a condition that existed at the time the trunk lines were built through the territory, but time has taken the timber away. It has been used up and there are not many of those mills left.

Commissioner Harlan: You think it is simply because the lumber has gone and not because they are not able to compete?

Mr. Pierce: Not by any means. Because the timber is gone and there is no opportunity for them.

Commissioner Harlan: But it is true, is it not, that there are no small concerns around your country; I mean within 25, 30, 40 or 50 miles?

Mr. Pierce: It is true they would have an advantage over a mill located as this is.

Commissioner Harlan: That is not quite the question. I want to know if there are any small concerns now in existence.

Mr. Pierce: There are a few.

Commissioner Harlan: They are very few?

Mr. Pierce: They are very few.

1327 Commissioner Harlan: And their output is inconsiderable, compared with the output of mills equipped such as yours is, with a railroad?

Mr. Pierce: Their output is inconsiderable. There have been statistics made up on that, which might be submitted to you if you

care to see them.

Commissioner Harlan: By whom?

Mr. Pierce: George K. Smith, the secretary of the Yellow Pine Manufacturers' Association, I believe.

Commissioner Harlan: The output of mills which have to haul

the lumber to the mill and the product to the station.

Mr. Pierce: The output of mills that do not have to develop their territory by the investment in railroads.

Commissioner Harlan: Do you know just what that investment showed in a general way? I do not mean accurate figures.

Mr. Pierce: It showed that the number of those mills and the quantity of their output was very inconsiderable, as compared with the larger concerns that had to develop the country.

Commissioner Harlan: Then that investigation shows that for one reason or another there are very few small mills; is not

that it?

1328 Mr. Pierce: Not that there are so few small mills, but their product as compared with the general output of pine lumber is inconsiderable.

Commissioner Harlan: Didn't the investigation show that there are a great many small mills regardless of their output that are in

operation?

Mr. Pierce: It showed that the number of mills of the individuals was very much greater than what is known as the large concerns who are investing large sums of money and developing their holdings by means of railroads.

Commissioner Harlan: Such mills, then, are more numerous than the larger mills, but their output is a very small proportion of the

total.

Mr. Pierce: Their output is quite small compared with the number.

Commissioner Harlan: Am I to understand that under existing conditions those small mills are nevertheless able to keep going.

Mr. Pierce: They are always successful where they can find timber.

Commissioner Harlan: What charge does your company make for hauling the logs of the Enterprise Lumber Company to 1329 the mill?

Mr. Pierce: We make no charge for hauling the logs to the mill. Our rate is from Clear Creek to destination. Commissioner Harlan: That is a lumber rate, with a milling in transit privilege.

Mr. Pierce: That is a lumber rate.

Commissioner Harlan: Does not that mean, then, that the through rate to St. Louis—what is it, 18 cents?

Mr. Jeffery: Eighteen cents; yes, sir.

Commissioner Harlan: That the 18 cents rate on the lumber to St. Louis picks up the log and carries it to and through the mill and on to the market without additional expense to the lumber company?

Mr. Pierce: It does,

Commissioner Harlan: And the fellow that has no railroad, and does not have his logs picked up for him, he has to do that himself, and he does not have his lumber picked up for him, but he has to haul it to the station; are not those the relative conditions under which the business is done by these two classes of mills?

Mr. Pierce: Is it your desire that I should set up his opposing

advantages?

1330 Commissioner Harlan: You can do that if you like, but I want an answer to the question first, and then you can say what you like. I want to know the facts first.

Mr. Pierce: You have stated the matter correctly as to the facts. Commissioner Harlan: Now if you have any comment to make

upon those facts, I would like to know what it is.

Mr. Pierce: If it is proper for me to say, I would say that the man with the small mill, who is located on the trunk line is not required to go out and organize a railroad company and invest his money in that, often with very little return. He has his timber

more cheaply-

Commissioner Harlan: Pardon me a moment. You are now proceeding on the case stated. A number have been spoken of here by various witnesses, where the mill is not on the trunk line, but there is a substantial haul of the lumber to the receiving station of the trunk line, and there is a substantial haul of the logs to the mill. Now those conditions exist and witnesses have so stated here. Now, I want to know in your judgment, based on your practical experience with the lumber interests, if the small fellow can successfully

compete with the large fellow who has a railroad, and if

1331 he does it successfully and keeps his mill going?

Mr. Pierce: He does.

Commissioner Harlan: Do you know of such cases?

Mr. Pierce: I do.

Commissioner Harlan: Do they exist around you?

Mr. Pierce: I have been in this territory but very little in the last four years. I have now in mind only one mill in that territory of that character, though doubtless others exist. As to that immediate locality, you could find much more competent witnesses than I am.

Commissioner Harlan: The point in my mind is this. Up in my country everybody is a small miller, and everybody hauls his logs and everybody hauls his lumber; there are no big concerns. I want to know whether the small man and the big man can exist success-

fully side by side down in this country, and you say there is only one man you know of in your part of the country.

Mr. Pierce: That has a body of timber close enough to the trunk

line to warrant him having his mill on the line.

Commissioner Harlan: I do not know where the timber is, but there is only one you can state in your country that is a going concern?

Mr. Pierce: Unless I can think about it. There is no question about the ability of the small mill to compete with the large mill in this country.

Commissioner Harlan: Well, that one man is doing it.

Mr. Pierce: Oh, he is doing it successfully.

Commissioner Harlan: Does the Enterprise Railway Company own any other track than the track you have just described?

Mr. Pierce: No other track.

Commissioner Harlan: We have some record of another bit of track somewhere else in the neighborhood that is supposed to belong to your company a little closer to Alexandria. Do you know of any such tract?

Mr. Pierce: I do not.

Commissioner Harlan: You say you pay 50 cents per train mile?

Mr. Pierce: That is my recollection.

Commissioner Harlan: Our records seem to indicate that you pay \$1.00 a train mile.

Mr. Pierce: Well, that is incorrect.

Commissioner Harlan: Very well. Our records seem to indicate that you charge the lumber company \$1.50 for handling the logs to Alexandria?

1333 Mr. Pierce: That is also incorrect.

Commissioner Harlan: This is a report made up by an ex-

aminer who conferred with your officials in December, 1909.

Mr. Pierce: Well, the information—either the officers have not understood the query of the examiner, or in some way or another he has gotten it down wrong. The service for which we charge the lumber company is for the construction of spurs in their holdings, for the loading of their logs and switching of their logs out to our main line. We keep two locomotives out there for the purpose of handling their stuff to the main line.

Commissioner Harlan: What do you charge for that service?

Mr. Pierce: My recollection is it is \$1.50 per thousand. I am

not positive on that.

Commissioner Harlan: Who knows better than you about this? We ought to get the information without delay, and we ought to have it accurately. I understood you to say in the beginning that you could tell—

Mr. Pierce: That is correct. It is \$1.50 per thousand. Commissioner Harlan: Just what service does that cover?

Mr. Pierce: That covers the construction of spurs, the operation of those spurs, the loading of the logs and the switching of the logs to the main line.

Commissioner Harlan: That is in addition to the divis-

ions which you get?

Mr. Pierce: That is a separate earning.

Commissioner Harlan: What were your total revenues last year, and your net?

Mr. Pierce: Freight revenue, \$53,045.15; operating expenses, \$56,049.47, leaving a deficit of \$3,257.28.

Commissioner Harlan: Do the officers of the railroad get salaries?

Mr. Pierce: They do not, except myself; I receive a salary. Commissioner Harlan: What is the Southern Pine System?

Mr. Pierce: It is a trade name used for convenience in handling the affairs of these five roads.

Commissioner Harlan: Is it a corporation?

Mr. Pierc : It is not.

Commissioner Harlan: It is simply a selling agency, or is it—
Mr. Pierce: No, it is a trade name, under which we conduct the
correspondence of these five roads for convenience. For instance,
with the Commission, they allow us in filing accident re-

with the Commission, they allow us in filing accident reports, to file our reports under this trade name for economy of time.

Commissioner Harlan: Is there an inter-corporate relation between these several lumber companies?

Mr. Pierce: There is not.

Commissioner Harlan: Is there one company that owns the stock in the several lumber companies?

Mr. Pierce: There is not.

Commissioner Harlan: What about the railroad stock?
Mr. Pierce: It is all separate; they are separate corporations.

Commissioner Harlan: Are the stockholders the same, or substantially so, in all these different companies?

Mr. Pierce: They are not.

Commissioner Harlan: Is there complete identity as to all companies, or are one or two closely related in stock ownership?

Mr. Pierce: There is complete identity, except the Saline Bayou and the Griffen, Magnolia & Western, which are practically owned by the same people.

Commissioner Harlan: You perhaps used the wrong expression.

You mean separation?

Mr. Pierce: I mean each one of these companies is in itself a complete identity, and that there is no inter-relation between the companies, except the Saline Bayou and the Griffen, Magnolia & Western.

Commissioner Harlan: What is that relation?

Mr. Pierce: The stockholders of one are practically the same as the stockholders of the other.

Commissioner Harlan: You refer there to the lumber companies or the railroad company?

Mr. Pierce: The railroad company.

Commissioner Harlan: Are the two railroad companies owned by stockholders who also own the stock of one lumber company or two lumber companies? Mr. Pierce: Two lumber companies, but the stockholders of both

those lumber companies are practically the same.

Commissioner Harlan: So that those two lumber companies and those two railroads represent practically one investment by the same people, but through different corporations?

Mr. Pierce: Well, they are two forks to the same stem, the sap

comes from the same trunk.

Commissioner Harlan: What was the total cost of the Enterprise Railroad?

1337 Mr. Pierce: \$73,352,36,—oh, no; road and equipment? Commissioner Harlan: Yes.

Mr. Pierce: \$132,852.26.

Commissioner Harlan: Do you know what the cost of the equipment was?

Mr. Pierce: Segregated? Commissioner Harlan: Yes. Mr. Pierce: \$54,500.

Commissioner Harlan: I observe that last year you had an expense for maintenance of equipment, according to your annual report, of \$14,000, which was about 25 or 30 per cent of the value of the equipment, and an item of \$19,000 practically \$20,000, for maintenance of way and structures. Do you recall what those items

were respectively, for the year before?

Mr. Pierce: I am sorry, but I cannot, Mr. Commissioner.

Commissioner Harlan: Were they about as large?

Mr. Pierce: I have not the slightest recollection of them.

Commissioner Harlan: Your company has not paid any dividends?

Mr. Pierce: No, sir.

Commissioner Harlan: Has it any cash capital, working

1338 capital?

Mr. Pierce: Cash on hand? Commissioner Harlan: Cash on hand. Mr. Pierce: Very little. It is in debt.

Commissioner Harlan: How do you take care of this deficit?

Mr. Pierce: We borrow the money from the Enterprise Lumber Company.

Commissioner Harlan: Have you had to borrow money year after

vear?

Mr. Pierce: We have.

Commissioner Harlan: What does the total debt now amount to? Mr. Pierce: About \$112,000.

Commissioner Harlan: That covers what period of time?

Mr. Pierce: Eight years.

Commissioner Harlan: In other words, there has been a deficit each year?

Mr. Pierce: There has been a deficit each year.

Commissioner Harlan: Do you pay interest on that debt?

Mr. Pierce: We do. It is charged up to us. Commissoner Harlan: Well, do you pay it?

Mr. Pierce: When we have the money we pay it.

1339 Commissioner Harlan: Is that the way your deficit was created last year, by paying the interest, or did the interest enter into the expense side of the account?

Mr. Pierce: The interest was charged up to us, and the general result of our operation was that we were at this much of a deficit.

Commissioner Harlan: So that the deficit is predicated on the proposition that the interest in one form or another has been paid?

Mr. Pierce: That it has been paid.

Commissioner Harlan: If you have had a deficit for every year, it is not likely that the lumber company can look forward to the early payment of that debt, is it?

Mr. Pierce: There is no reassuring prospect on that subject.

Commissioner Harlan: If you put in 25 per cent each year on your equipment and a very large percentage on your maintenance of way and structures, you are all the time building up a substantial asset in this road and roadbed and the equipment?

Mr. Pierce: We hope it is.

Commissioner Harlan: So that even if you declare no dividend to the stockholders, the value of the investment is yearly increasing?

Mr. Pierce: We hope so.

Mr. Brown: You are a stockholder of the Enterprise Railway?

Mr. Pierce: I am.

Mr. Brown: You are not interested in the Enterprise Lumber Company?

Mr. Pierce: No, I am not.

Commissioner Harlan: The witness has stated that, and I hope

counsel will avoid repetition as far as possible.

Mr. Brown: I will try to. Referring to the trackage agreement, and the Commissioner's remark about the payment of \$1.00, as you stated, and as the contract reads, as I understand it, it is 50 cents a train mile. Now, that is in or out, loaded or empty; is that your understanding of it?

Mr. Pierce: Any mile that we move a train over the Iron Moun-

tain we pay 50 cents, regardless of the character of the train.

Mr. Brown: So when a train comes in and out, it would cost \$1.00 a mile to move the train in and out; that is probably the explanation of the dollar charge.

Mr. Pierce: For the double track movement.

Mr. Brown: You have a station or a village or a town called Stone's Camp upon the line of the Enterprise Railroad, have you not?

Mr. Pierce: We have.

Mr. Brown: Is there a general store located at that place?

Mr. Pierce: There is.

Commissioner Harlan: Does the Enterprise Lumber Company have any interest in that store?

Mr. Pierce: They have not.

Mr. Brown: Does your railroad handle any business either in or out for that store?

Mr. Pierce: We do.

Mr. Brown: What is the general nature of that business?

Mr. Pierce: It is usually class business, merchandise, feed stuffs, and flour and produce.

Mr. Brown: How is that handled, on joint through rates, or do you handle it on the local rate from Simms?

Mr. Pierce: On the local from Simms.

Mr. Brown: Are your locomotives and your cars equipped with safety appliances, as required by the Federal Act?

Mr. Pierce: They are.

Mr. Brown: Do you make your accident reports to the 1342 Interstate Commerce Commission?

Mr. Pierce: We do.

Mr. Brown: Keep your accounts in accordance with the rules of the Commission, as you understand them?

Mr. Pierce: We endeavor to do so,

Mr. Brown: File with the Commission your annual reports?

Mr. Pierce: We do.

Mr. Brown: Have you filed your annual report for the year ending June 30, 1910?

Mr. Pierce: We have.

Mr. Brown: It is true, is it not, Mr. Pierce, that the tracts of timber along the main line of these railroads have been largely consumed?

Mr. Pierce: It is,

Mr. Brown: And it is also true that the timber that furnishes the supply of lumber is now located to a considerable extent away from the main line of the railroads?

Mr. Pierce: It is practically all remote from trunk lines.

Mr. Brown: Is it not also true throughout this part of the country that these timber tracts have been bought up in large bodies, large acreage, by these large lumber companies?

Mr. Pierce: It is necessary that they should buy these 1343 tracts in large quantities in order to supply a raw material to warrant such an investment as is requisite now to be made in railroads and mills to handle a proposition of that character.

Mr. Brown: Well, notwithstanding that, there are in many places all over this country small tracts of timber land are there not?

Mr. Pierce: There are.

Mr. Brown: That is not all in one interest, and is it not also true that the small mills that the Commissioner referred to, are, to a large extent, located upon what are here denominated as tap lines?

Mr. Pierce: There are more of them located on lines of that char-

acter than there are on the trunk lines.

Mr. Brown: And they are using these so-called tap lines as their means of transportation, are they not?

Mr. Pierce: That is their only outlet to the market.

Mr. Brown: And these joint through rates that the Enterprise Lumber Company pays over the rails of the Enterprise Railroad are available to and permit the small mill located upon these tap lines to do business upon exactly the same basis as a large mill like the Enterprise Lumber Company?

1344 Mr. Pierce: They do.

Mr. Brown: What would be the effect upon the small mill located upon the so-called tap line, if the joint through rate was discontinued?

Mr. Pierce: He would be compelled to pay the sums of the locals

through the junction of the trunk line.

Mr. Brown: What, in your opinion, would be the effect of that sort of a combination of freight rates upon the business of the small mill located upon the so-called tap line?

Mr. Pierce: He would be put at a serious disadvantage over mills that might be located on the trunk line; the probabilities are he

would be driven out of business.

Mr. Brown: I think that is all I have with respect to the Enter-

prise Railroad.

Commissioner Harlan: Is this a copy of your annual report for last year? (Handing paper.)

Mr Pierce: It is.

Commissioner Harlan: An exact copy?

Mr. Pierce: It is.

Commissioner Harlan: And you are the auditor of this road?

Mr. Pierce: Yes.

Commissioner Harlan: Will you point out where it shows the payment of interest, either by credit or cash, to the lumber company?

Mr. Pierce: Mr. Commissioner, it was not made up by me, but by the assistant auditor, and I am not prepared to say that I personally understand how the entries were made in connection with it.

Commissioner Harlan: I understood you to say that it was made up by the assistant auditor?

Mr. Pierce: Yes, sir.

Commissioner Harlan: And you have not given it personal examination?

Mr. Pierce: I have not.

Commissioner Harlan: If it does not show here that the interest has been charged against your company and credited to the lumber company, that means that the lumber company has not received the interest in any form, does it not?

Mr. Pierce: I think that would be the proper inference.

Commissioner Harlan: I put the question, Mr. Pierce, because I have been impressed by the fact that you are the auditor of this road, and yet apparently so large an item as interest on \$120,000, I believe you said, has not lodged itself in your mind suffi-

ciently to know whether you paid it or not, and it leads possibly to the inference or suggests the inference that this whole system of accounting for the railroad company is more or less a nominal or formal matter, and that your real interest lies largely in the lumber company. Here you are the auditor, and you tell me the interest has been paid, and yet this account furnished to the Commission and supposed to be correct, does not seem to indicate that it has been paid.

Mr. Pierce: There is an earnest endeavor to keep these accounts

properly.

Commissioner Harlan: I am sure of that, but I direct your attention to that one fact that as auditor of this road, that fact has not lodged itself definitely in your mind, whether you paid interest on this large indebtedness or not, and you are not quite sure as to what your trackage arrangement was with the Iron Mountain, and you stated it 50 cents and counsel suggests it is \$1.00 a mile, and I am left in doubt as to what it really is.

Mr. Brown: I have the contract and will be glad to file it.

Commissioner Harlan: That is the point. The contract is all available, but it apparently is not lodged definitely in the mind of the auditor of the railroad who has daily to deal with the accounts of this railroad.

Mr. Pierce: I beg pardon, but I stated positively it was

fifty cents a train mile.

Commissioner Harlan: Very well; if that is your positive conviction, it will depend upon what the record discloses.

Mr. Pierce: That is my positive knowledge.

Commissioner Harlan: The statement was made to the examiner of the Commission, and it is now in the records of the Commission. indicating you get \$1.00 a train mile.

Mr. Pierce: This is a payment; we pay it to the Iron Mountain. Commissioner Harlan: Yes, you pay the Iron Mountain-

Mr. Pierce: Fifty cents a train mile either way.

Commissioner Harlan: Yes. Judge Cowan, have you any ques-

tions of this witness?

Mr. Cowan: Yes. I did not understad your position. You say you are a stockholder in this company that you are auditor of, and you are not interested in the lumber company?

Mr. Pierce: I am not interested in the lumber company. I am

a stockholder in this railroad company.

Mr. Cowan: How did you happen to have that stock in this company that continually has a deficit, and auditor of a company where you own the stock and do not know whether you paid the interest or not?

Mr. Pierce: I believe that my acquisition of the stock was per-

feetly honorable, Judge.

Mr. Cówan: I have no doubt of that, but it might have been a very foolish business undertaking if they do not pay anything, and I wondered how you came to be a stockholder in a company of this sort.

Mr. Pierce: I have not claimed that it was paying investment.

Mr. Cowan: What is the object of having it, then?

Mr. Pierce: I got it in the way that a good many people get mining stocks, when they are not looking.

Mr. Cowan: Who sold it to you—is that the way the Enterprise

Company deals, or did they sell you the stock?

Mr. Pierce: The stock was acquired from a friend of mine and in a perfectly legitimate way, I assure you, Judge.

Mr. Cowan: Well, how much salary do you draw as auditor?

Mr. Pierce: Well, that is a personal matter. Mr. Cowan: I don't know about that.

Commissioner Harlan: I think we ought to know that, and

other witnesses have been required to state that.

Mr. Pierce: The salary is made up of the contributions for the different lines, Mr. Commissioner. My salary is \$300 a month. Commissioner Harlan: You are auditor for all these lines?

Mr. Pierce: Yes.

Mr. Cowan: What is the quantity of stock you own, just enough to qualify you as an official?

Mr. Pierce: Fifteen shares is my recollection. Mr. Cowan: Where do you keep your office?

Mr. Pierce: St. Louis.

Mr. Cowan: Where does the lumber company, or companies connected with these lines keep their offices?

Mr. Pierce: The office of the Enterprise Lumber Company is at

Alexandria.

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Mr. Cowan: Do these lumber companies served by the railroads of which you are auditor have an office and place of business jointly or singly in St. Louis?

Mr. Pierce: They have separate offices; some of them in St. Louis

and some of them not there.

Mr. Cowan: Is it the same place where your office is?

Mr. Pierce: It is the same place where my office is Mr. Cowan: All the offices in the same rooms?

Mr. Pierce: All offices in the same rooms. We have a suite of rooms.

Mr. Cowan: This Southern Pine-what do you call it?

Mr. Pierce: Southern Pine System.

Mr. Cowan: The Southern Pine System has these offices where you keep your office, does it?

Mr. Pierce: Yes, sir.

Mr. Cowan: And they have a sales agent there for the lumber? Mr. Pierce: Yes, sir.

Mr. Cowan: Is it a joint sales agency?

Mr. Pierce: I beg your pardon. You asked me if the Southern Pine System had a sales agent for lumber?

Mr. Cowan: Yes, that was my question.

Mr. Pierce: The Southern Pine System is not in the lumber bustness. If the information you want is as to whether or not the stockholders interested in the Southern Pine System are also stockholders of lumber companies, I will say that they are and that they run ap office in St. Louis and that they there employ all such people as would naturally be employed in a lumber business.

Mr. Cowan: Well, there is a sales agent for these lumber

companies occupying the same office with you?

Mr. Pierce: They do: the same suite.

Mr. Cowan: I cannot understand this. How many lumber companies are there that do business on the Southern Pine or Yellow Pine System?

Mr. Pierce: Well, do you mean—those interested in the community, that have the community of interest taint on them; is that what you mean?

Mr. Cowan: I don't know as it is a taint; it is just a business

proposition. They have a sales agent there, I understand.

Mr. Pierce: There are five of those companies.

Mr. Cowan: And one of them is the Enterprise Company which we have been talking about?

Mr. Pierce: They do not have an office in St. Louis.

Mr. Cowan: Well, have they any interest in this joint sales agent we have been talking about?

1352 Mr. Pierce: I did not say anything about a joint sales

agent.

Mr. Cowan: Well, I did. I made a mistake, I guess. I asked you if they had a joint sales agent in the office you occupy, and I thought you said they did.

Mr. Pierce: The five lumber companies interested in these railroad

companies have no joint sales agent.

Mr. Cowan: Do each of them have a sales agent there?

Mr. Pierce: Each one of them has a sales agent, but not there.
Mr. Cowan: And the people who are in the office with you represent whom?

Mr. Pierce: The people who are in the office with me represent the Southern Pine System, and also represent two of the lamber companies that are interested in the stock—whose stockholders are interested in the stock of these roads.

Mr. Cowan: What companies are those?

Mr. Pierce: Louis Werner Company and the Oak Leaf Mill.

Mr. Cowan: Do you keep the books of each one of these railroad companies at St. Louis; is that where the books are kept?

Mr. Pierce: We do not.

1353 Mr. Cowan: Where are they kept?

Mr. Pierce: At the local offices of the roads.

Mr. Cowan: And are you familiar with where the local office is in the case of the Enterprise Lumber Company?

Mr. Pierce: St. Louis-at Alexandria.

Mr. Cowan: Is that in the lumber company's office? Mr. Pierce: I do not know. It is in the same building. Mr. Cowan: And you have been down there, of course?

Mr. Pierce: I have.

Mr. Cowan: Have you an assistant auditor there?

Mr. Pierce: I have.

Mr. Cowan: You supervise what he does?

Mr. Pierce: Possibly not as closely as I should. In a general way. Mr. Cowan: Well, there is a little indication here that you do not.

Mr. Pierce: Yes; the Commissioner has just called my attention to that.

Mr. Cowan: Now, you say you don't know whether the office is in the lumber company's office or not?

Mr. Pierce: I said that I did know that it was.

Mr. Cowan: And that is in the office of the bookkeepers of the lumber company? 1354

Mr. Pierce: All of the lumber company's people are in this

Mr. Cowan: Does this assistant auditor you have spoken of do anything else except audit the business of the Enterprise Railroad

Company?

Mr. Pierce: I do not know of his other employment. I take it he is employed also by the Enterprise Lumber Company. So far as my relations with him are concerned, he is simply my associate in the service of the Enterprise Railroad.

Mr. Cowan: What do you pay him? Mr. Pierce: I don't know. He reports direct to—

Mr. Cowan: You do not know what the Enterprise Railroad pays him?

Mr. Pierce: I do not, no.

Mr. Cowan: Do they pay him anything?

Mr. Pierce: I don't know.

Mr. Cowan: Is it not a fact that the Enterprise Lumber Company has already written off this indebtedness that the railroad is supposed to owe it, off its books?

Mr. Pierce: I am not familiar with the books of the Enterprise Lumber Company. I could not say whether that was a fact 1355 or not. I do not think it likely they would do anything of the kind.

Mr. Cowan: Do you have any understanding of it?

Mr. Pierce: They have never given us a receipt for it, by any means, or declared to us that they think it is a lost account.

Mr. Cowan: How long have you been owing it?

Mr. Pierce: We have been accumulating it for the last eight years.

Mr. Cowan: It is barred by the Statute of Limitations.

Mr. Pierce: No, it is accumulating. There is ten years' limitation in Louisiana.

Mr. Cowan: Any notes outstanding for it?

Mr. Pierce: No.

Mr. Cowan: Any sort of security given for it?

Mr. Pierce: No.

Commissioner Harlan: Right at that point let me interrupt and ask you whether such an indebtedness would appear as a funded debt or not on our formal report.

Mr. Pierce: Our idea of a funded debt is one for which a bond is given, and it would not appear on a road of that character.

have no bonds.

Commissioner Harlan: How would it appear?

Mr. Pierce: As an open account.

Commissioner Harlan: Does it appear here, do you know?

Mr. Pierce: I think it does.

Commissioner Harlan: If you will go on, Judge Cowan, Mr. Sanford will look it up.

Mr. Cowan: I do not want to consume much time on this, but I want to ask about the man who does the small business on a tap line, which your counsel asked about, and the advantages that he has be paying the rate of freight, as compared to the saw mill which own the tap line and gets a division out of the rate. I understood yo to put it that the man operating the small mill on the tap line is an advantage as compared to the man who is the owner of the taline and operating his mill. Did I understand you correctly?

Mr. Pierce: I feel that he is.

Mr. Cowan: Do you know of such a case?

Mr. Pierce: I think so.

Mr. Cowan: Just give us an instance of that case, and let us s what his situation is. Where is the man operating a saw mill which is independent of tap line ownership on a tap line?

Mr. Pierce: Do you want a concrete example?

Mr. Cowan: Yes; I want to find the case.

Mr. Pierce: By names and locations, and so on? Mr. Cowan: Yes; that is the only way to do it.

Mr. Pierce: Just as an illustration, the usual saw mill of the character is small, the timber is bought in small blocks—

Mr. Cowan: No, just tell me the place where the mill is. On what tap line is that mill you have in mind? You said you knew of or Mr. Pierce: There is a mill located at Mount Holly, Arkansas.

Mr. Cowan: What line is that on?

Mr. Pierce: On one of our lines, the Griffen, Magnolia & Wester Mr. Cowan: How far from the junction point of the main lin

Mr. Pierce: About 18 miles.

Mr. Cowan: You haul his lumber on your tap line?

Mr. Pierce: We do.

Mr. Cowan: Do you get anything for it?

Mr. Pierce: We do. Mr. Cowan: How?

Mr. Pierce: Through the division of the through rate.
Mr. Cowan: How much division do you get on his lumbe

Mr. Pierue: About 3.4 cents average on it.

Mr. Cowan: He pays the full rate? Mr. Pierce: He pays the full rate.

Mr. Cowan: Where is your mill located?

Mr. Pierce: I haven't any mill.

Mr. Cowan: I mean the mill that belongs to the interests of tap line.

Mr. Pierce: Located at Griffen.

Mr. Cowan: They pay the same through rate that he does?

Mr. Pierce: The same through rate.

Mr. Cowan: Do they own the stock in the railroad?

Mr. Pierce: They do.

Mr. Cowan: And there comes back to the railroad company of the rate they pay this 3.4 cents, and there comes back to railroad company out of the lumber that he ships the same cents.

Mr. Pierce: Yes, sir.

Mr. Cowan: You say that gives this man an advantage who per the full rate and who does not get anything back, as compared

with the saw mill interests which do get it back on their lumber and on his?

Mr. Pierce: No, I did not say that. You misunderstood

me. Mr. Cowan: I am giving a concrete example, because I thought that was what you meant when you said he was working at an

Mr. Pierce: I said there were certain advantages to the small mill man that the large one did not enjoy. I did not say there

was any advantage in the rate.

Mr. Cowan: What are the advantages this man enjoys, just taking this concrete example?

Mr. Pierce: He is relieved from the investment in a large quantity of raw material, in the first place. Many of these people investing in large saw mill propositions in the South are carrying raw material for 25 years. In the second place, he is relieved of the investment in railroads, for the purpose of developing his property, and he is accumulating his timber in small quantities at a very low price. Usually he buys it from his brother-in-law, his motherin-law or his old friends, and they get their timber together for 25 to 50 cents a thousand, and he handles his business in a small, concrete way at small expense, and makes his lumber for less money

than the big people do, and enjoys the same rate out that they do.

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Mr. Cowan: The enjoyment of the rate is that he enjoys the opportunity to pay the rate, but does not get any divi-

Mr. Pierce: The rate from this country is the same.

Mr. Cowan: I understand that, but the divisions seem to be different.

Mr. Pierce: Very trifling, if any, so far as I know.

Mr. Cowan: Then you say that he is relieved of the investment in a railroad for developing his property?

Mr. Pierce: That is what I said.

Mr. Cowan: So I assume that that means that you treat the investment of the lumber company in these instances where you are auditor of the railroad, as being the real investment that is in the railroad, the lumber company made the investment.

Mr. Pierce: There is no question but what these railroads would not have been built had it not been for the fact that they were

needed to transport the tonnage of the country.

Mr. Cowan: Well, you consider, then, that the investment of one of these big lumber concerns in a railroad is a necessity to the opera-

Mr. Pierce: It is a necessity to the movement of freight of a railroad.

Mr. Cowan: Well, but is it not necessary to the operation of the saw mill business on a large scale to build and operate a railroad for that purpose?

Mr. Pierce: It is a necessity for that mill to get logs to its mill

in some way.

Mr. Cowan: I did not ask that. I asked the other question, and that you might answer, if it is a necessity for them to operate the railroad or not, in the operation of a large saw mill business.

Mr. Pierce: No, the only necessity to them is to devise some means

to get the logs to their mill.

Commissioner Harlan: Well, the means they devise is a railroad, and the other fellow devises a horse and wagon or a couple of mules; is not that about the only difference?

Mr. Pierce: Well, it is technically so.

Mr. Cowan: Take the man who operates the railroad in the development of his logging business, and who does not get a division of the rate at all; is he not at a great disadvantage as compared to the saw mill interest, which develops its railroad, but gets a division of the rate for it,

Mr. Pierce: I am not prepared to say. I have not had

1362 any experience with that kind of railroading.

Mr. Cowan: That is all.

Commissioner Harlan: Mr. Jeffery, have you any questions?

Mr. Jeffery: No.

Mr. Brown: Just one question about the billing arrangement. Will you please explain how the lumber is billed out, whether it is on the through billing from the eastern terminus of your Enterprise Railroad.

Mr. Pierce: It moves on through billing. Mr. Brown: What is the initial point?

Mr. Pierce: Clear Creek.

Mr. Brown: Does this traffic move under the usual and customary bill of lading and railroad form of way bill?

Mr. Pierce: Uniform bills of lading, and standard form of way

bill.

Mr. Brown: Of your railroad company?

Mr. Pierce: Yes, sir. Mr. Brown: That is all.

Mr. Cowan: One question about that billing. Have you examined the bills made out by the Iron Mountain Railroad when they ship this lumber out?

Mr. Pierce: The Iron Mountain does not issue any bills

1363 for this lumber.

Mr. Cowan: Who issues the bills,

Mr. Pierce: The Enterprise Railroad.

Mr. Cowan: At Alexandria? Mr. Pierce: At Alexandria.

Commissioner Harlan: No, you said at Clear Creek, Mr. Pierce: He is talking about the bill of lading.

Commissioner Harlan: Were you talking about the way bill?

Mr. Brown: I asked about both. I asked him from what point
it was way billed.

Commissioner Harlan: You said Clear Creek?

Mr. Pierce: Yes, sir.

Commissioner Harlan: And the lading papers are issued at Alexandria?

Mr. Pierce: Yes, sir.

Mr. Cowan: Then the bill of lading would read a shipment of a carload of lumber to St Louis from Clear Creek?

Mr. Pierce: Yes.

Mr. Cowan: You are certain of that, are you?

Mr. Pierce: I am.

Mr. Cowan: And there would be a way bill issued on that to whom?

1364 Mr. Pierce: To the conductor. Mr. Cowan: Of what train?

Mr. Pierce: Whatever train took it out, whichever train switched it out

Mr. Cowan: And in the operation of the Iron Mountain you say the way bill will read from Clear Creek, to this conductor?

Mr. Pierce: Yes, sir.

Mr. Cowan: Is there anything else you ship from Clear Creek?

Mr. Pierce: Than lumber?

Mr. Cowan: Yes, is there other stuff shipped from Clear Creek besides logs?

Mr. Pierce: Practically no outbound movement, except forest

products, as I testified.

Mr. Cowan: You have seen these way bills and bills of lading, and know?

Mr. Pierce: I have.

Mr. Cowan: What is the purpose of making a false billing. It is true it is not shipped from there. What is the purpose of billing it?

Mr. Pierce: Why do you call it false? It is not.

1365 Mr. Cowan: Because you say it is shipped from Clear Creek, but it is not. It is shipped from Alexandria.

Mr. Pierce: It is shipped from Clear Creek, and the tariff so provides for it.

Commissioner Harlan: That is a question, I think, that can be

reserved for the argument.

Mr. Pierce: The object of putting the bill the way it is is to throw the responsibility for the routing on the Enterprise Railroad.

Mr. Jeffery: The arrangement is the ordinary so-called milling in transit?

Mr. Pierce: Yes, sir.

Mr. Jeffery: And it is a milling in transit tariff which you ship under?

Mr. Pierce: Yes, sir.

1366 Griffen, Magnolia & Western Railroad Company.

Commissioner Harlan: Now, Mr. Pierce, do you sustain the same relation to the Griffen, Magnolia & Western?

Mr. Pierce: I do.

Commissioner Harlan: That is in Arkansas?

Mr. Pierce: It is.

Commissioner Harlan: In order that I may find the point, will you tell me where Griffen is in relation to Little Rock?

Mr. Pierce: It is 125 miles south.

Commissioner Harlan: That company is controlled by the Louis Werner Saw Mill Company?

Mr. Pierce: The stockholders.

Commissioner Harlan: I mean in the same way; the stockholders are identical?

Mr. Pierce: Yes. sir.

Commissioner Harlan: What is its capital?

Mr. Pierce: \$50,000.

Commissioner Harlan: Is that authorized and issued?

Mr. Pierce: Authorized and issued.

Commissioner Harlan: Have you any bonded indebtedness?

Mr. Pierce: None whatever.

1367 Commissioner Harlan: Any other debt except current accounts?

Mr. Pierce: No other debt except current accounts.

Commissioner Harlan: What is the length of that road?

Mr. Pierce: Eighteen miles of main line.

Commissioner Harlan: And it owns some logging line which is connected with it?

Mr. Pierce: Yes.

Commissioner Harlan: The total mileage is what?

Mr. Pierce: 28 or 30 miles.

Commissioner Harlan: It is a standard gauge?

Mr. Pierce: It is a standard gauge, 35 to 40 pound rail, third track.

Commissioner Harlan: What equipment has it?

Mr. Pierce: Three locomotives and equipped with 50 standard flat cars and a caboose.

Commissioner Harlan: Any passenger cars?

Mr. Pierce: There has been no passenger service for hire. Commissioner Harlan: Do you carry any mail or express?

Mr. Pierce: We do not.

Commissioner Harlan: And what is the southwestern or most southerly terminus of your line?

1368 Mr. Pierce: Graham,

Commissioner Harlan: I observe here a point called Maryville.

Mr. Pierce: We are not into Maryville.

Commissioner Harlan: You say you have some logging lines connected with the main line. Do you own the logging lines?

Mr. Pierce: We own the logging lines.

Commissioner Harlan: Do you operate them?

Mr. Pierce: And operate them.

Commissioner Harlan: Do you make any charge for that service, distinct from any other charge which you make?

Mr. Pierce: We do. We make a charge against the parties for whom the logging is done on these spurs.

Commissioner Harlan: Do any logs come off the spur tracks except the logs of the Louis Werner Saw Mill Company?

Mr. Pierce: They do.

Commissioner Harlan: For whom else do you haul logs?

Mr. Pierce: Several parties.

Commissioner Harlan: Who have mills?

Mr. Pierce: Mills not on our lines, but mostly on the Iron Mountain.

Commissioner Harlan: The mill of the Louis Werner Saw

Mill Company is at Griffen? 1369

Mr. Pierce: At Griffen. Commissioner Harlan: And these other mills are where?

Mr. Pierce: They are located at various points. Commissioner Harlan: On the Iron Mountain?

Mr. Pierce: On the Iron Mountain.

Commissioner Harlan: North and south of Griffen?

Mr. Pierce: I believe these is only one I recall south; the others are all north.

Commissioner Harlan: How far south?

Mr. Pierce: Eighteen miles, located at El Dorado.

Commissioner Harlan: The others are north of Griffen, and what

is the most distant one of those mills?

Mr. Pierce: I take it part of this tonnage goes to Newport, Arkansas, which I would judge was the most northerly of these points.

Commissioner Harlan: How far is that from Griffen?

Mr. Pierce: About 300 miles. It is only fair to state that most

of this logging movement is hard woods, heavy logs. Commissioner Harlan: Do the logging roads connected with the Griffen, Magnolia & Western run into any forests that belong to other people than the Louis Werner Saw Mill Company?

Mr. Pierce: The Louis Werner Saw Mill Company owns 1370 but a very small percentage of the total acreage in that terri-

tory, and they run mostly into the holdings of other people. Commissioner Harlan: What is the extent of the holdings of the

Louis Werner Saw Mill Company? Mr. Pierce: The percentage?

Commissioner Harlan: No, the extent of it, how many acres? Mr. Pierce: 5,000 or 6,000 acres of timber, and land, fee simple. Commissioner Harlan: What is the total tonnage which you move annually over that line? Take last year, for instance.

Mr. Pierce: 59,740 tons. Commissioner Harlan: What part of that belonged to the Louis

Werner Saw Mill Company and what part to others?

Mr. Pierce: I am unable to say. The tonnage runs about 55 to 65 per cent for the Louis Werner Saw Mill Company, and the balance for others.

Commissioner Harlan: And that is hauled to its mill at or near

Griffen?

Mr. Pierce: The tonnage they have is taken to Griffen.

Commissioner Harlan: Is their mill on the Iron Mountain 1371 rails?

Mr. Pierce: The saw mill is not. The planing mill is, Commissioner Harlan: So the manufactured lumber is loaded right out of the planing mill onto the Iron Mountain tracks? Mr. Pierce: Both lines have loading tracks there.

(The witness here explained diagram to the Commissioner.)

Commissioner Harlan: This sketch which you have just examined seems to indicate that your saw mill is approached by two spur tracks. To whom do they belong?

Mr. Pierce: The Griffen, Magnolia & Western.

Commissioner Harlan: Both of them?

Mr. Pierce: Both of them.

Commissioner Harlan: This and that (indicating)?

Mr. Pierce: Yes, sir.

Commissioner Harlan: Do you know about what proportion of their lumber is shipped in the rough?

Mr. Pierce: This is an interior mill, and not to exceed five per

cent moves in the rough.

Commissioner Harlan: Then the rough lumber is carried in some form over to the planing mill, which seems to be served by two tracks. Now, to whom do those tracks belong?

Mr. Pierce: The principal track belongs to the Iron Moun-

1372 tain; it is its passing track.

Commissioner Harlan: That is their main line?

Mr. Pierce: No, that is a passing track.

Commissioner Harlan: Then inside of that, and closer to the mill, is another track. That belongs to whom?

Mr. Pierce: That belongs to us.

Commissioner Harlan: To the railroad company? Mr. Pierce: To the Griffen, Magnolia & Western. Commissioner Harlan: And not to the mill?

Mr. Pierce: Not to the mill. It connects with that passing track.

Commissioner Harlan: And are both tracks used in shipping dressed lumber from the planing mill?

Mr. Pierce: No, only the Iron Mountain track.

Commissioner Harlan: I will put the general inquiry: On whose tracks do the cars stand that are loaded at the planing mill ordinarily?

Mr. Pierce: The Iron Mountain's tracks.

Commissioner Harlan: Is your own track ever used in carrying such shipments to destination?

Mr. Pierce: It is.

Commissioner Harlan: Just explain when your track is used, and when the Iron Mountain track is used, and why this different use is made of the two tracks.

Mr. Pierce: It is a matter of convenience in handling the mill people's business; if we can spot a car for them and the Iron Mountain's service is not there at the time, and we can spot it to advance their interests, we do it.

Commissioner Harlan: Is there any distinction made under published tariffs or division sheets in the compensation that your company receives?

Mr. Pierce: None at all.

Commissioner Harlan: What is the lowest and what is the highest division you get?

Mr. Pierce: We get from two to five cents on the business off this

Commissioner Harlan: Is it not two and a half to five cents?

Mr. Pierce: No it is from two to five cents.

Commissioner Harlan: And it is substantially the same sort of a rate which you described a few minutes ago in connection with another line?

Mr. Pierce: It is.

Commissioner Harlan: It is a milling in transit rate?

Mr. Pierce: Yes, sir, it is on this business or on any other business of this character.

Commissioner Harlan: On the business of the Werner Saw Mill Company it is that kind of a rate?

Mr. Pierce: It is.

Commissioner Harlan: That is to say, you haul the logs from your junction with the tram line to the mill and then the dressed lumber goes out on a milling in transit rate which extends back as a lumber rate to the junction with your tram line?

Mr. Pierce: Yes. sir.

Commissioner Harlan: And you get divisions for the whole service you perform in that connection?

Mr. Pierce: We do.

Commissioner Harlan: But in this case, as in the other, your road does not haul ordinarily any dressed lumber; it sometimes does from the switch track-

Mr. Pierce: We do not haul any dressed lumber of the Griffen

Mill Company.

Commissioner Harlan: Yes, I am limiting my inquiry now to the Werner Saw Mill Company.

Mr. Pierce: Yes, that is correct. The Griffen Mill Company is

a trade name used locally there. Commissioner Harlan: There is no Griffen Mill Company as a corporation?

Mr. Pierce: No.

Commissioner Harlan: But that trade name is used to indicate the product of the Werner Saw Mill Company?

Mr. Pierce: That trade name is used to indicate the property of the Louis Werner Saw Mill Company at this point,

Commissioner Harlan: But the lumber is not sold as the Griffen Company's lumber?

Mr. Pierce: No.

Commissioner Harlan: It is sold as the Werner Company's lum-

Mr. Pierce: Yes. Commissioner Harlan. And as I said a moment ago, you perform no service on the dressed lumber, except occasionally when

as a matter of convenience you set an empty car at the mill over this little spur track you have described?

Mr. Pierce: Yes, sir. We perform no service on the lumber after We have performed our service prior to that.

Commissioner Harlan: On the logs?

Mr. Pierce: Yes.

1376 Commissioner Harlan: Do you haul any dressed lumber for anyone else?

Mr. Pierce: We do.

Commissioner Harlan: State who these people are out in the woods that hand you logs on these tram roads.

Mr. Pierce: S. Stone, John Ray-do you class bolts as logs?

Commissioner Harlan: Yes. Mr. Pierce: W. T. Flournov.

Commissioner Harlan: They hand you what?

Mr. Pierce: Logs, bolts and staves; F. L. Graham, G. J. Childs and J. A. Flournov.

Commissioner Harlan: Well, in all, how many are there? Mr. Pierce: I presume there are 25 of those shippers there. Commissioner Harlan: And do they get the logs from their own forests?

Mr. Pierce: They get the logs from the purchasers: they buy it from the settlers.

Commissioner Harlan: They do not buy from the Werner Saw Mill Company?

Mr. Pierce: They do not.

Commissioner Harlan: Do you make a charge to them-1377 Mr. Pierce: Pardon me; when we have a class of logs they want on a piece of ground of ours, we sell it to them, but of course that is only a very small amount of traffic.

Commissioner Harlan: Do you make a separate charge to those men for hauling their logs and bolts to the junction point of your line with the tram line, or do you make the charge clear through

to their mill?

Mr. Pierce: We charge through to where this traffic moves, to points to which we have through rates we apply the through rate; otherwise we apply the local Arkansas distance tariff.

Commissioner Harlan: Do you quite get my point? I assume in this case, as in the case of the other railroad, that you built the tram roads; they do not belong to the lumber company, do they?

Mr. Pierce: No.

Commissioner Harlan: You supply the rails and you pay the labor for putting down the tram roads. Now, in the other case you made a separate charge for hauling the logs from the woods to the junction of the train lines with your main line. Do you make such a charge in this case against the Werner Saw Mill Company?

Mr. Pierce: We do. 1378

Commissioner Harlan: What is that charge?

Mr. Pierce: \$1.50 per thousand feet.

Commissioner Harlan: As in the other case?

Mr. Pierce: As in the other case.

Commissioner Harlan: What charge, if any separate charge, is made against these other people whose logs you haul over the same

tram lines to their junctions with your main line?

Mr. Pierce: Where it is a case of milling on our own road, we would make the same charge we did with the Louis Werner Saw Mill Company; where it moves out intact onto another line, we treat it as though it were a local shipment.

Commissioner Harlan: Of logs or bolts, as the case may be? Mr. Pierce: Yes, sir, applying the local distance tariff to it.

Commissioner Harlan: So that those shippers pay a rate over all the mileage that they use belonging to your company, whether tram line or main line?

Mr. Pierce: Yes, sir.

Commissioner Harlan: Do you deliver it to the Iron Mountain at Griffen?

Mr. Pierce: We do.

1379 Commissioner Harlan: And they carry it on to the mills?

Mr. Pierce: Yes, sir.
Commissioner Harlan: You charge the local rate to Griffen?

Mr. Pierce: We do where we have not through rates and divisons. Where it moves on a through rate—

Commissioner Harlan: Are there any through rates on logs to

these mills?

Mr. Pierce: I think not on logs. I do not recall any.

Commissioner Harlan: Are there any through lumber rates?

Mr. Pierce: There are.

Commissioner Harlan: Can you give a typical point?

Mr. Pierce: Any basing point, Mississippi River crossings, Commissioner Harlan: In that case what division do you get out

of the through rate?

Mr. Pierce: On this particular traffic to the Mississippi River

crossings? Commissioner Harlan: Yes.

Mr. Pierce: Four cents.

Commissioner Harlan: Then those through rates on lumber extend back to the southern terminus of your tram lines?

Mr. Pierce: They do.

Commissioner Harlan: And these logs move over your 1380 tram lines and their main line to Griffen, and there are handed to the Iron Mountain and transported to the mill point and there are milled, and then on to the Mississippi River on

the through rate?

Mr. Pierce: I do not know whether the logs stop at the milling in transit at those milling points, or how the Iron Mountain handles that. We collect the revenue due us in a junction settlement at Griffen, and then turn the business over to the Iron Mountain, and how they handle it I am not prepared to say.

Commissioner Harlan: Is that four cents in all cases, or is it less?

Mr. Pierce: I am speaking then of a division of the through

rate.

Commissioner Harlan: Yes, to the Mississippi River.

Mr. Pierce: Now, the local distance tariff is the local Arkansas court tariff, and varies.

Commissioner Harlan: What does that give you?

Mr. Pierce: Practicaly four to five cents.

Commissioner Harlan: So that your division in that case is less than your local?

Mr. Pierce: Yes, sir.

Commissioner Harlan: What is the lowest division you receive on through shipments for these other people?

Mr. Pierce: Two cents per 100 pounds.

Commissioner Harlan: The divisions are the same on their logs as on the logs of the Werner Saw Mill Company?

Mr. Pierce: The divisions are the same.

Commissioner Harlan: Do you carry any other stuff, farming produce or cotton?

Mr. Pierce: We carry general freight of all kinds.

Commissioner Harlan: What was the extent of that last year?
Mr. Pierce: 42 tons of merchandise and 200 tones of products of

agriculture, and various forms of lumber tonnage and forest products of uts other than lumber, 37,720 tons.

Commissioner Harlan: Let this map be marked as an exhibit.

(The map so offered and identified was received in evidence and thereupon marked Griffen, Magnolia & Western Railroad Exhibit No. 1, witness Pierce, received in evidence December 13, 1910, and is attached hereto.)

Commissioner Harlan: Mr. Pierce, the mill of the Werner Saw Mill Company is on the other side of the Iron Mountain tracks, is it not?

1382 Mr. Pierce: From the side on which we approach them

with our main line, it is.

Commissioner Harlan: Do you know whether any other wills whose logs go over your line actualy have the benefit of milling in transit rates?

Mr. Pierce: I am not advised at all, Mr. Commissioner, as to how

the Iron Mountain handles the business beyond our rails.

Commissioner Harlan: Is it not your understanding that they do not have that advantage and have to move on the local rate?

Mr. Pierce: I know absolutely nothing of it.

Commisioner Harlan: Is there anyone here that does know about that; any other officer of your road here?

Mr. Pierce: No other officer of our road here who would know

anything about it.

Commissioner Harlan: Mr. Jeffery, are you an officer of this

Griffen, Magnolia & Western Company?

Mr. Jeffery: No, sir; I have not the honor. I am not an officer of any railroad. But our traffic man has just left the room, and I will get him up here, and if there is anything we can enlighten you on, we would be very glad to do it.

Commissioner Harlan: We would like to know, then, if 1383 it is not a fact that these other mills have to move their logs on the local rate.

Mr. Jeffery: From this particular tap line?

Commissioner Harlan: Yes.

Mr. Jeffery: I will get Mr. Perkins up here. Mr. Cowan: If I understand right, the witness states where that moves on the through rate they get a division of the rate from the Iron Mountain, and where it moves on a local rate, of course he collects the local rate. The question as to what traffic of logs he moves on other than the local rate for these other people going beyond Griffen would illustrate whether it may move on a milling in transit rate.

Commissioner Harlan: What do you say to that suggestion? Mr. Pierce: Really, I did not just get the drift of Judge Cowan's

Commissioner Harlan: Just let me put it in another way. you not collect from two to four cents from those shippers right at Griffen?

Mr. Pierce: Station settlements?

Commissioner Harlan: Station settlements.

Mr. Pierce: No, we do not collect it from the shipper. We collect it from the Iron Mountain as advance charges. 1384

Commissioner Harlan: That is, when it goes through as a through shipment. I am now talking about the cases where you

get the Arkansas tariff.

Mr. Pierce: That is only where it is local. Where it moves as a through shipment, it is settled as an inter-line account through my office. We take a car of logs-to make a concrete illustration of it, from a station on our line, moving to a mill on the Iron Mountain, we haul these logs up to Griffen, turn them over to the Iron Mountain and bill on the Iron Mountain for our charges, and at stated intervals we settle with them in station accounts for our charges on that load of logs, and we have nothing further to do with that load of logs. They take it to the milling point. When it is milled, and how they handle it beyond there, I do not know.

Commissioner Harlan: Where is it billed, what is the ordinary

way bill on those logs?

Mr. Pierce: Way billed to our station at Griffen to the conduc-

Commissioner Harlan: Do you not issue bills of lading?

Mr. Pierce: We do issue a bill of lading for that, by the conductor.

Commissioner Harlan: Only up to Griffen? 1385

Mr. Pierce: Only up to Griffen.

Commissioner Harlan: It is not a through bill?

Mr. Pierce: It is not a through bill.

Commissioner Harlan: Then you must charge the Arkansas local

Mr. Pierce: Arkansas distance tariff is charged on it.

Commissioner Harlan: Is it not a fact that most of the logs for

those other companies move in that way on the local tariff to Griffen?

Mr. Pierce: The most of them do.

Commissioner Harlan: So they pay the local rates, while the Werner Saw Mill Company pays on the bulk of its shipments, the through rate?

Mr. Pierce: Yes, that is true.

Commissioner Harlan: Now, is it not also true that you are frequently requested, and when I say "you" I mean the Werner Saw Mill Company, to fill orders received by these other companies for lumber?

Mr. Pierce: Received by these other companies for lumber?

Commissioner Harlan: Yes.

Mr. Pierce: No.

1386 Commissioner Harlan: Has not that ever happened?

Mr. Pierce: I am not thoroughly familiar with the details, but I do not recollect of ever hearing of an instance of that character.

Commissioner Harlan: You do not remember, then, within the last year any such instances where these other lumber people received orders and you filled them? I mean by you, the Werner Saw Mill Company.

Mr. Pierce: I do not get the drift of that, Mr. Commissioner. Do you mean the other shippers on our line received orders for lum-

Commissioner Harlan: Yes, and asked you to fill them.

Mr. Pierce: And asked us to fill them?

Commissioner Harlan: Yes, Mr. Pierce: I do not. This logging movement is of a character of logs that the Werner Company, the shipper at Griffen. does not handle as a rule at all.

Commissioner Harlan: Do you know something about the past

history of the Werner Saw Mill Company?

Mr. Pierce: I do.

Commissioner Harlan: Did it not at one time own a road, or its stockholders own a road called the Little Rock & Monroe

Mr. Pierce: It did not.

Commissioner Harlan: Who did own that road? Mr. Pierce: The Little Rock & Monroe Railroad Company.

Commissioner Harlan: I mean what stockholders.

Mr. Pierce: I only know two or three of the stockholders.

Commissioner Harlan: Was it not owned by people who were interested, then or now, in the Louis Werner Saw Mill Company?

Mr. Pierce: No, sir.

Commissioner Harlan: Was it owned by people interested in any other saw mill company?

Mr. Pierce: Yes, sir.

Commissioner Harlan: What saw mill company? Mr. Pierce: The Union Saw Mill Company was one. Commissioner Harlar. Where were its operations? Mr. Pierce: The plant is located at Huttig, Arkansas,

Commissioner Harlan: What were the total gross earnings last year of this company?

Mr. Pierce: \$29,618.36.

Commissioner Harlan: What was its net?

Mr. Pierce: \$1,746,10.

Commissioner Harlan: I want to put my inquiry in another form; the one I put to you a few minutes ago. Is it not true that the Werner Saw Mill Company often fills requisitions from neighbring mills for lumber?

Mr. Pierce: No, that is not the case. The Werner Saw Mill Company is a constant solicitor of business in the lumber markets throughout the country, and is a manufacturing concern, and has very little interchange business with any of its neighbors.

Commissioner Harlan: Do not the other companies turn over orders to that company that they cannot fill at the price offered; has

not that frequently happened?

Mr. Pierce: It has not, to the best of my knowledge. If the Commissioner will kindly tell me what it is that is wanted, I will en-

Commissioner Harlan: I think the questions themselves indi-

Mr. Pierce: If there is something improper-

Commissioner Harlan: Well, I have not indicated any impropriety except the taking advantage of the opportunities. You say no such opportunities come to you, no such requisitions are made on this Werner Saw Mill Company?

Mr. Pierce: So far as I know, there is practically no interchange

business between that company and its neighbors.

1389 Commissioner Harlan: Have you some questions, Brown?

Mr. Brown: Does the Griffen, Magnolia & Western Railroad serve the town of Mount Holly? Mr. Pierce: It does.

Mr. Brown: Does any other railroad serve that community?

Mr. Pierce: No.

Mr. Brown: Do you have any division with the Iron Mountain or are you a party to any joint tariffs on the classes? Class freight?

Mr. Pierce: We have not.

Mr. Brown: Your divisions are confined to the lumber and lumber products? Mr. Pierce: They are.

Mr. Brown: In connection with the Griffen, Magnolia & Western?

Mr. Pierce: Yes, sir; class and commodity rates are all made on the Arkansas distance tariff.

1390 Mr. Brown: Your equipment is equipped as required by the Federal Safety Appliance Act?

Mr. Pierce: To the best of our ability it is.

Mr. Brown: Do you move your traffic under the usual uniform bill of lading?

Mr. Pierce: Yes, sir.

Mr. Brown: Issued by the Griffen, Magnolia & Western Railroad?

Mr. Pierce: We do.

Mr. Brown: You make your monthly and annual reports and accident reports to the Commission?

Mr. Pierce: We do.

Mr. Brown: I believe you gave the percentage of outside business moved over this road?

Mr. Pierce: I did.

Mr. Brown: What stations have you on the road west of the crossing of the Iron Mountain tracks?

Mr. Pierce: Lisbon and Graham.

Mr. Brown: Are those your billing stations?

Mr. Pierce: We bill from both stations.

Mr. Brown: And on the traffic on which you enjoy a division of the rates, the traffic is billed from either Graham or Lisbon? Mr. Pierce: We usually use Lisbon as a billing point.

Mr. Brown: That is all.

Mr. Cowan: Where is the billing made out, at these stations you speak of or at some central point?

Mr. Pierce: Billing is made out at Griffen.

Mr. Cowan: Have you depots and station agents at these points?

Mr. Pierce: No, we have warehouses.

Mr. Cowan: Are they stations or just places to receive freight on a side track?

Mr. Pierce: We have nothing there but a small warehouse for taking care of packages. It meets all the requirements, however, of the traffic.

Mr. Cowan: There are some other roads with which you are connected that you are going to testify about?

Mr. Pierce: There are.

Mr. Cowan: After you get through with all of them I want to

examine the witness.

Commissioner Harlan: Is it not true that the combination of local rates that these people pay and have to pay under the published tariffs exceeds the through rate paid by the Werner Saw Mill Com-

pany to the same destination? It must necessarily be so,

1392 must it not?

Mr. Pierce: No, sir, the combination rate applies only to such points as we have not any through rates to. If the Werner Saw Mill Company is making shipments of that character, exactly the same rates would apply to them. There is no disposition to prefer anybody on this road.

Commissioner Harlan: But the Werner Saw Mill Company gets

the milling and transit privilege quite generally, does it not?

Mr. Pierce: It gets the milling and transit privilege quite generally, and any one else can have the milling and transit privilege who desires to avail himself of it.

Commissioner Harlan: Well, as a matter of fact, you have said yourself, the other people in the great majority of cases pay the com-

bination of locals?

Mr. Pierce: They do because their shipments are moving to

points where there are no through rates and division in.

Commissioner Harlan: Very well. They move to those points in competition with your lumber or lumber of this saw mill company? Mr. Pierce: Those movements do not compete with the Louis

Werner Saw Mill Company.

Commissioner Harlan: That was my inquiry. Are they 1393 in a position to compete?

Mr. Pierce: No, they do not compete; it is not the same com-

modity, it is not the same character of material.

Commissioner Harlan: Tell us about that. That may be import-

Mr. Pierce: The Louis Werner Saw Mill Company is engaged in the manufacture of pine lumber. The logs and material of that character moving off our road onto the Iron Mountain for milling on the Iron Mountain are exclusively, I might say, hard woods, that go into assembling plants on the Iron Mountain, and there is no more relation between them than there is between railroad steel and structural steel.

Commissioner Harlan: Then you do not move pine for anyone

else but the Louis Werner Company?

Mr. Pierce: We move manufactured pine for several other parties, but that is manufactured pine moving on the through rates.

Commissioner Harlan: Where do you get that, at what point on your line?

Mr. Pierce: At Graham and at Lisbon.

Commissioner Harlan: In what quantity?

Mr. Pierce: Oh, the movement sometimes will run forty 1394 cars a month and sometimes down to nothing.

Commissioner Harlan: From what mills, are they on your line? Mr. Pierce: They are close to it, practically on the line; they haul the stuff in.

Commissioner Harlan: Is that pine which comes from the or-

ests of the Werner Saw Mill Company?

Mr. Pierce: No.

Commissioner Harlan: Those people get the benefit of through rates, do they?

Mr. Pierce: They get the benefit of the through rate.

Commissioner Harlan: And they mill at their own mills?

Mr. Pierce: And they mill at their own mills.

Commissioner Harlan: You are not authorized to speak for the Lester & Ouachita Valley?

Mr. Pierce: I am not.

Commissioner Harlan: But you can speak for the Natchez, Ball & Shreveport?

Mr. Pierce: Yes.

Mr. Jeffery: I have Mr. Perkins here now, if you would like to question him about that tariff,

Commissioner Harlan: Well, the witness has thrown some light on that question. I may ask Mr. Perkins later, Mr. 1395

Jeffery.

When was that company organized?

Mr. Brown: I will say that the information we have not received relates to that road so I do not know how much information Mr. Pierce will be able to give you of the details respecting that road.

Mr. Pierce: Mr. Commissioner, my knowledge of this road is confined almost entirely to its accounts; its connections and the information which we expected to get seems to have gotten lost by the express company. I am perfectly willing to go ahead and do the very best I can to inform the Commissioner.

Commissioner Harlan: There is no one else who can speak more

definitely?

Mr. Brown: No.

Commissioner Harlan: Under those circumstances I do not think we will undertake to examine into that road with this witness, because it would not get us anywhere.

Mr. Cowan: I should think not.

Mr. Brown: We think Mr. Pierce can give you the general

1396 layout of the tracks there.

Commissioner Harlan: I think we will in some other way get the information about that. Have you any further inquiries to put to the witness?

Mr. Cowan: Does that constitute all the roads?

Mr. Brown: There is one other road.

Commissioner Harlan: The Saline Bayou Railroad. When was that road organized?

Mr. Pierce: June 2, 1905, is the date of their charter.

Commissioner Harlan: What is its authorized and issued capital? Mr. Pierce: \$30,000.

Commissioner Harlan: Has it any bonded indebtedness?

Mr. Pierce: It has none.

Commissioner Harlan: Are the officers of that road the officers also of the Oak Leaf Mill Company?

Mr. Pierce: The stockholders of that road are the stockholders of

the Oak Leaf Mill Company.

Commissioner Harlan: But the two companies have different officers?

Mr. Pierce: Different officers.

Commissioner Harlan: And you are the auditor?

1397 Mr. Pierce: I am the auditor.

Commisioner Harlan: Do the officers of that road receive salaries?

Mr. Pierce: They do-I do.

Commissioner Harlan: Any others? Mr. Pierce: I think not, that I know of.

Commissioner Harlan: What is the length of the road?

Mr. Pierce: About fourteen miles.

Commissioner Harlan: Standard gauge?

Mr. Pierce: Standard gauge.

Commissioner Harlan: What rails?

Mr. Pierce: 35 and 40 pound rails, third track.

Commissioner Harlan: How many locomotives?

Mr. Pierce: Two.

Commissioner Harlan: How many freight cars?

Mr. Pierce: The freight cars are logging cars. The business of freight is handled with equipment from foreign lines entirely.

Commissioner Harlan: The mill of the Oak Leaf Mill Company is at a point called Oak Leaf on the Iron Mountain, is it not?

Mr. Pierce: It is.

Commissioner Harlan: How near to the tracks of the Iron 1398 Mountain is that built?

Mr. Pierce: The loading platform is right up against the tracks of the Iron Mountain and abuts on them.

Commissioner Harlan: So that the Iron Mountain sends the carthere and takes them away?

Mr. Pierce: Yes, sir.

Commissioner Harlan: Does that track belong to the Iron Mountain or to the mill company? Mr. Pierce: It belongs to the mill company beyond their right of

Commissioner Harlan: It was constructed under some contract or agreement with the Iron Mountain?

Mr. Pierce: I am not prepared to say because I was not familiar with the making of this contract.

Commissioner Harlan: Let the map of this road be marked as an exhibit.

(The paper so offered and identified was received in evidence and thereupon marked Saline Bayou Railroad Exhibit No. 1, Witness Pierce, received in evidence December 13, 1910, and is attached hereto.)

Commissioner Harlan: Mr. Jeffery, we would like a copy also of the spur track agreement that you have with the Saline 1399 Bayou Railroad at Oak Leaf, probably with the Oak Leaf Mill Company.

Mr. Jeffery: All right.

Commissioner Harlan: I understand you to say, Mr. Pierce, that ordinarily the cars are spotted at the planing mill and taken away by the Iron Mountain?

Mr. Pierce: They are.

Commissioner Harlan: But occasionally your line does not work Mr. Pierce: Yes, in emergencies.

Commissioner Harlan: In emergency cases only?

Mr. Pierce: Yes.

Commissioner Harlan: Does that mill company ship out much undressed or rough lumber?

Mr. Pierce: Practically none.

Commissioner Harlan: What is the character of the lumber, is it pine or hard wood?

Mr. Pierce: Pine.

Commissioner Harlan: Has the Saline Bayou Railroad spur track connections?

Mr. Pierce: It has.

1400 Commissioner Harlan: Owned by it?

Mr. Pierce: Owned by it

Commissioner Harlan: Or by the lumber company? Mr. Pierce: All owned by the railroad company? Commissioner Harlan: And operated by it?

Mr. Pierce: And operated by it.

Commissioner Harlan: Do they make a separate charge for hauling over the tram tracks?

Mr. Pierce: They make a separate charge for the construction of

these spurs and assembling of the logs.

Commissioner Harlan: And that is how much?

Mr. Pierce: \$1.50 per thousand.

Commissioner Harlan: And that was the case with the last road that we considered, was it not?

Mr. Pierce: It was.

Commissioner Harlan: The lumber company has no locomotives of its own?

Mr. Pierce: None.

Commissioner Harlan: And no cars?

Mr. Pierce: No cars.

Commissioner Harlan: And who does the loading out at the end of the tram tracks?

1401 Mr. Pierce: We do it.

Commissioner Harlan: And you also do the unloading at the mill?

Mr. Pierce: We do the unloading at the mill.

Commissioner Harlan: And for the service of loading out in the woods and building these tram tracks for the haul on the tram tracks to their junctions with the main line you charge \$1.50 a thousand?

Mr. Pierce: \$1,50 per thousand feet of log.

Commissioner Harian: What other source of revenue have you?

Mr. Pierce: The movement of the freight over our line, freight operations.

Commissioner Harlan: On logs what other revenue do you make?

Mr. Pierce: We have no other revenue on the logs. Commissioner Harlan: Well you get divisions—

Mr. Pierce: Construing the movement of the logs from our stations on our main lines to destination as a lumber movement there is no other revenue from the logging department.

Commissioner Harlan: The so-called lumber movement under the milling and transit rates starts at the junction of the tram

1402 lines with the main line?

Mr. Pierce: It does.

Commissioner Harlan: And \$1.50 takes care of all service up to that point?

Mr. Pierce: Up to that point.

Commissioner Harlan: Well your milling and transit arrangement ou this road is substantially the arrangement you have just related in connection with the two other roads?

Mr. Pierce: It is.

Commissioner Harlan: And what are the lowest and highest divisions?

Mr. Pierce: One and one-half cents to four cents.

Commissioner Harlan: Do you know where the bulk of the shipments of that company go to?

Mr. Pierce: I could not state offhand.

Commissioner Harlan: Well, what is your average division on all shipments?

Mr. Pierce: About three cents.

Commissioner Harlan: Do you haul the logs of any other milling company over that line or its tram connections?

Mr. Pierce: We do not. We handle the hard wood logs over the

line for companies other than our own.

Commissioner Harlan: What is the extent of that move-1403

Mr. Pierce: Small, probably six per cent. of our road movement is from outside business.

Commissioner Harlan: Do those logs come from land owned by the Oak Leaf Company?

Mr. Pierce: No. Commissioner Harlan: Do you haul any general merchandise and farm products?

Mr. Pierce: We do.

Commissioner Harlan: To what extent?

Mr. Pierce: The extent is extremely small for the reason the country is very small and has not been developed.

Commissioner Harlan: Would you say as much as ninety-five per

cent. of your tonnage was of the lumber company?

Mr. Pierce: Ninety-five per cent. of the tonnage is farm products arising from the business of the Oak Leaf Mill Company, and the other five per cent, is general business.

Commissioner Harlan: What was the total tonnage last year and

the total revenues and net revenues?

Mr. Pierce: The total tonnage was 48,480 tons.

Commissioner Har'an: What was the outside tonnage, if

that shows? 1404

Mr. Pierce: I am unable to say. There was an operating deficit of \$2,307.20.

Commissioner Harlan: Who supplies that deficit?

Mr. Pierce: The Oak Leaf Mill Company.

Commissioner Harlan: Has that railroad company accumulated a debt to the mill company?

Mr. Pierce: \$2,312.22.

Commissioner Harlan: Is the accumulated debt today.

Mr. Pierce: Is the total amount of indebtedness.

Commissioner Harlan: I neglected to ask you whether the Griffen Magnolia & Western has any debt due to the Werner Lumber Com-Let me ask first whether it has paid any dividend? pany.

There is a debit balance of \$6,097.45, Mr. Pierce: It has not.

accumulated indebtedness.

Commissioner Harlan: All owing to the lumber company?

Mr. Pierce: All owing to the lumber company.

Commissioner Harlan: You do not run any passenger trains on this line?

Mr. Pierce: We do not.

Commissioner Harlan: Or carry mail or express?

Mr. Pierce: We do not.

1405 Commissioner Harlan: Have your divisions been recently increased?

Mr. Pierce: They have not.

Commissioner Harlan: How long have you received as much as four cents on some shipments?

Mr. Pierce: For five years.

Commissioner Harlan: From our records the Examiner was informed that two cents per hundred miles was the highest division. That does not agree with your information.

Mr. Pierce: If he got his information from me he certainly must

have misunderstood me.

Commissioner Harlan: Have you some questions?

Mr. Brown: This road is incorporated under the laws of Arkansas?

Mr. Pierce: It is.

Commissioner Harlan: Do you report to the railroad Commission and pay taxes to the Commission as a railroad corporation?

Mr. Pierce: We do.

Mr. Brown: How about the Griffen, Magnolia & Western? 1 forgot ab ask you about the taxes. Under the laws of what state is that railroad incorporated?

1406 Mr. Pierce: Arkansas.

Mr. Brown: Does that railroad report to the State Commission and pay taxes as a railroad corporation?

Mr. Pierce: It does.

Mr. Brown: With respect to the Saline Bayou road, do you keep your accounts and make your reports to the Interstate Commerce Commission the same as with the other roads?

Mr. Pierce: We do.

Mr. Brown: I think that is all.

Commissioner Harlan: Is this a railroad or railway, under its terms?

Mr. Pierce: I think it is a railroad—railway is the name apparently.

Mr. Cowan: Did you say that you had no interest in any of the lumber companies?

Mr. Pierce: I said I had no interest in the Enterprise Lumber

Company.

Mr. Cowan: Well, I judged from your familiarity with this subject that you have some sort of relation to some of the lumber companies, and I thought you said you had no interest in any of them. I may have misunderstood you.

Mr. Pierce: I am not an employee in any lumber company.

Mr. Cowan: In what lumber companies are you interested?

Mr. Pierce: I am interested in the Lester Mill Company. the Oak Leaf Mill Company, and Louis Werner Saw Mill Company.

Mr. Cowan: Is that all?

Mr. Pierce: I do not recall any others now.

Mr. Cowan: All those companies have an agency or at least some of them have an agency in the same office you are in in St. Louis?

Mr. Pierce: Yes, sir.

Mr. Cowan: You are the auditor of each one of those railroad companies?

Mr. Pierce: I am.

Mr. Cowan: And also of the one about which you did not testify?

Mr. Pierce: I am.

Mr. Cowan: Each of these companies keeps its books, however, at the local point where they have their office, at the lumber company's plant.

Mr. Pierce: They do.

Mr. Cowan: Do you actually keep a set of books at St. Louis or do you simply get them from the local office, for the railroad company, I am talking about.

Mr. Pierce: We keep all the records that are necessary for the handling of my end of the accounts at St. Louis.

Mr. Cowan: What end of the accounts do you handle? Mr. Pierce: Interline accounts with connecting lines.

Mr. Cowan: You do not handle any of the accounts of the railroad company as between itself and its employees and as between itself and the lumber company, in the operation of the road?

Mr. Pierce: I do not.

Mr. Cowan: That is done at the local office of each one of the rail-road companies?

Mr. Pierce: Yes, sir.

Mr. Cowan: And that is at the lumber company's office in each case?

Mr. Pierce: Yes, sir.

Mr. Cowan: I will group them together to save time.

Mr. Pierce: Yes.

Mr. Cowan: The arrangement is substantially the same as to each one of them, so far as your part of it is concerned and your relation to the local office of each railroad company?

Mr. Pierce: I think so.

1409 Mr. Cowan: The amount that each one charges the lumber company which it serves is on the same basis for service.

Mr. Pierce: I think so.

Mr. Cowan: And the amount of the division that is received from the Iron Mountain railroad is upon the same basis exactly, wherever the destination is the same, or at least I assume that is so.

Mr. Pierce: No, that is a mistake. It varies somewhat.

Mr. Cowan: The manner however of handling the interline accounts, which you handle, is the same respecting each company?

Mr. Pierce: It is.

Mr. Cowan: The accounts which come into your hands as auditor are the funds arising from settlements with the Iron Mountain railroad?

Mr. Pierce: They are.

Mr. Cowan: If I recall correctly your mills are all situated on the Iron Mountain.

Mr. Pierce: The Iron Mountain does not make all the settlements however: that is not material, however.

Mr. Cowan: You might explain that. Where it moves off the Iron Mountain onto some other line?

1410 Mr. Pierce: It may move onto other lines and we have settlements with other roads.

Mr. Cowan: You do not connect with any other railroad companies than the Iron Mountain except in the case of the T. & P. at Alexandria?

Mr. Pierce: We have connections with other roads but not joint

rates and divisions with any of them.

Mr. Cowan: As I understood all these saw mills were located on the Iron Mountain road and there was no other road at the point of junction except the T. & P. at Alexandria?

Mr. Pierce: There are other lines with which we connect, but we

do not interchange business with them.

Mr. Cowan: Which one of these other roads connect with other

lines?

Mr. Pierce: Well the Enterprise road connects with other lines at Alexandria. The Natchez, Ball & Shreveport connects with the L. & A., and the Saline Bayou connects with the Memphis, Dallas &

Mr. Cowan: But you confine your business to the Iron Mountain? Mr. Pierce: We confine our business to the Iron Mountain.

Mr. Cowan: Your connection with the lumber company, are you interested in the Werner Company?

Mr. Pierce: I am.

Mr. Cowan: And its office is at St. Louis in the same office you are in?

Mr. Pierce: It is.

Mr. Cowan: Are you an officer of the company?

Mr. Pierce: I am.

Mr. Cowan: What position?

Mr. Pierce: The very humble one of vice-president, which does not amount to much as a rule.

Commissioner Harlan: Do you get a salary as vice-president?

Mr. Pierce: I do not.

Mr. Cowan: You represent the company in business transactions?

Mr. Pierce: Only in an advisory capacity.

Mr. Cowan: Without desiring to go into your private business, are you pretty largely interested in the Werner Company?

Mr. Pierce: I own some of the stock.

Mr. Cowan: A substantial interest in the business I assume?

Mr. Pierce: I would say yes.

1412 Mr. Cowan: In what other lumber company are you an

Mr. Pierce: I am an officer of the Lester Mill Company.

Mr. Cowan: What office is that? Mr. Pierce: Vice-president again. Mr. Cowan: And you own a substantial interest in that concern?

Mr. Pierce: I do.

Commissioner Harlan: Are you vice-president without emoluments?

Mr. Pierce: Without emoluments.

Mr. Cowan: You may just tell us about the others without my questioning. Mr. Pierce: I am also connected with the Oak Leaf Mill Company.

Mr. Cowan: And you own a substantial interest in that?

Mr. Pierce: Yes, sir.

Mr. Cowan: Vice-president of that on the same salary? Mr. Pierce: I am president of the Oak Leaf Company.

Mr. Cowan: And you received a salary as president, of course?

Mr. Pierce: I do not.

Mr. Cowan: Those are all the mill companies you are interested in? 1413

Mr. Pierce: Those are all the mill companies of which !

am an officer.

Mr. Cowan: What others are you interested in?

Mr. Pierce: I have some mill interests in Mississippi.

Mr. Cowan: But not in the mills that are connected with these roads you have been testifying about?

Mr. Pierce: Not any connection with these roads.

Mr. Cowan: Do all of these mills have a sales agent or some other agent in this office building where you have your office?

Mr. Pierce: They do, except the Lester Mill Company; they have

no sales agent there.

Commissioner Harlan: All of these companies interchange transportation with other lines?

Mr. Pierce: Yes, sir.

Commissioner Harlan: The Iron Mountain?

Mr. Pierce: Yes, sir.

Commissioner Harlan: And that transportation is used, is it not? Mr. Pierce: Well, the transportation, Mr. Commissioner, is only requested for myself and one officer, the superintendent of the We use it, of course, 1414

Commissioner Harlan: Have you transportation over other

lines than the Iron Mountain?

Mr. Pierce: I have.

Commissioner Harlan: In general, how many roads send you transportation?

Mr. Pierce: Four or five. I make no practice of requesting it of

any great number.

Mr. Cowan: What service do you perform for each of these lune ber companies for which you are vice-president, and what service do you perform for the one you are president of?

Mr. Pierce: Practically none; merely in an advisory capacity. Mr. Cowan: Are you connected with the management of the business?

Mr. Pierce: No, 7 am not.

Mr. Cowan: Just in an advisory capacity. Of course I do not

know, you can explain what that means. I don't know exactly what you had in mind. Is that advice with respect to the management of the business in each of the companies?

Mr. Pierce: It would be advice as to the policy of the company in

any direction.

1415 Mr. Cowan: Financial operations?

Mr. Pierce: Financial operations, purchase of timber, extensions of investments in any direction,

Mr. Cowan: And in the extension of your trade in various di-

rections?

Mr. Pierce: Yes, sir; anything to advance the general interest.
Mr. Cowan: And that would include of course the selling—
Mr. Pierce: Well, that is a detail with which I am not familiar.

Mr. Cowan. Your companies, I will call them for the sake of shortening up the language, sell extensively in Texas, Oklahoma, and Kansas?

Mr. Pierce: They do not.

Mr. Cowan: Why?

Mr. Pierce: I presume because it is they have not solicited the trade in that territory.

Mr. Cowan: Where does the principal output go?

Mr. Pierce: From the Alleghany Mountains to Denver, from St. Louis to Duluth; it is mostly sent to Central Freight Association and trans-Mississippi territory.

Mr. Cowan: You do sell, I presume, some lumber in Okla-

1416 homa and some in Kansas?

Mr. Pierce: I do not recall any special movement to those territories. Some in Kansas, yes. We have quite a fair movement to Kansas, and a little movement to Texas and Oklahoma.

Mr. Cowan: On your Denver Business, can you state what division

vou get?

Mr. Pierce: We get five cents on Denver business.

Mr. Jeffery: What is the rate to Denver?

Mr. Pierce: Thirty-seven cents, the same to Pueblo.

Mr. Cowan: Do you sell railroad ties and timber to any of the railroads reaching Colorado common points like the Denver & Rio Grande for example?

Mr. Pierce: I do not know enough about the sales department to be able to answer that question. I do not recall any instance of

that kind.

Commissioner Harlan: I understood you to say your highest division was four cents, from two to four cents; you now speak of a five cent division.

Mr. Pierce: I said five cents.

Mr. Cowan: He said two to five cents. You do not receive any divisions in the local Arkansas business, I assume, from what has been testified to here; if you supply any trade, you do not have any divisions?

Mr. Pierce: We have no movement there.

Mr. Cowan. Of course you attempt to sell your lumber where you get the best divisions if you can get the right price for your lumber?

Mr. Pierce: I have nothing to do with that, as to where they attempt to sell it. I presume they attempt to sell it where they can get the best price.

Mr. Cowan: Being in an advisory capacity that is undoubtedly

what you would advise?

Mr. Pierce: Well, I would not work against the interests of my

own road, no.

Commissioner Harlan: When you travel do you look into the markets and see what the demands are and in that way direct the policy of any of these lumber companies and indicate where efforts should be made to dispose of the lumber, where they can find a market?

Mr. Pierce: I do no traveling on this subject.

Commissioner Harlan: No, but when you do travel I say, do you

endeavor to look at the market conditions?

Mr. Pierce: I endeavor to have my mind closely on all the business with which I am connected, and I would gladly 1418 advise any one whom I found seeking lumber to place an order with the mills on our road.

Mr. Cowan: Do you have any divisions to points in Texas?

Mr. Pierce: We do.

Mr. Cowan: And what are those divisions?

Mr. Pierce: One cent.

Mr. Cowan: And it is the same as the State of Arkansas, there is no movement on that, I assume?

Mr. Pierce: Well, we have had no movement that I recall of any

magnitude.

Mr. Cowan: You said in the case of Alexandria, in the Enterprice Lumber Company, 75 per cent you thought went over the Iron Mountain and then that you had no divisions with the T. & P., and I wondered what road took the other 25 per cent.

Mr. Pierce: The other moves out over the other lines, the T. & P.

Southern Pacific and Rock Island.

Mr. Cowan: You ship some lumber then where you get no divisions at all, going to the T. & P., I believe you said you got no division with the T. & P.

Mr. Pierce: We get no division with the T. & P.

Mr. Cowan: And I suppose therefore it takes very little 1419 of your business?

Mr. Pierce. I don't know what percentage is with them.

Mr. Cowan: Well, it does get divisions with some connections. Mr. Pierce: I have nothing to do with it because I get no money from them.

Mr. Cowan: What divisions do you get from the Rock Island at

Alexandria?

Mr. Pierce: Two to five cents.

Mr. Cowan: The same basis as the Iron Mountain?

Mr. Pierce: Yes, sir.

Mr. Cowan: But they do not carry the business into Texas on that division from that point?

Mr. Pierce: No.

Mr. Cowan: Taking all these saw mills together the same interests own the road in each case which own the mill in that particular case substantially?

Mr. Pierce: In each case, Judge, the people who own the largest shipper on each one of these lines are the people who own the road.

Mr. Cowan: And the roads were constructed for that industrial purpose you spoke of in case of the Enterprise Company?

Mr. Pierce: The roads were constructed under agreements with the trunk line with which they connected, to develop certain territory.

Mr. Cowan: And are there agreements with the Iron Mountain

in each case?

Mr. Pierce: There are. Not in writing.

Commissioner Harlan: These agreements or understandings preceded the construction of the road or followed the construction?

Mr. Pierce: They preceded the construction of the road.

Commissioner Harlan: And were all verbal?

Mr. Pierce: And were all verbal.

Mr. Cowan: There is an inter-ownership relation in the interest in the saw mills by the stockholders in all these mills, that is the principal owners in every one of these mills are the principal owners in each one of the others, if I gather it right?

Mr. Pierce: No, that is incorrect. There is a separate set of stockholders for each one of these mills. Now the same set of stockholders are not directly interested in any two of these mills except in the case of the Oak Leaf and Louis Werner Saw Mill.

Mr. Cowan: I understood you were substantially in each one except the Enterprise?

Mr. Pierce: I am not interested in either the Enterprise or the Ball mill or the Pollock mill, but I am interested in the other three.

Mr. Cowan: What community of interests put this business together and you as the auditor of all these different roads? Of course somebody did that. What community of interests put these companies together and you as auditor to make settlements with the Iron Mountain?

Mr. Pierce: There is no community of interest, but simply for

convenience of handling the business among ourselves.

Mr. Cowan: Then you as auditor of the railroad in each case know of course all of the transactions of each of the roads with the Iron Mountain?

Mr. Pierce: Yes, sir.

Mr. Cowan: And the owners of each lumber company know that you know these transactions?

Mr. Pierce: Yes, sir.

Mr. Cowan: And you control all of the matters of settlement?

1422 Mr. Pierce: Yes, sir.

Mr. Cowan: And who controls the direction of the traffic?

Mr. Pierce: The people who sell the lumber.

Mr. Cowan: What have you to do with the matter of directing and controlling the routing?

Mr. Pierce: Nothing at all. Mr. Cowan: Who does that?

Mr. Pierce: Salesmen at the different mills.

Mr. Cowan: How many officers have these mills in the offices

you keep, does each mill just have one man?

Mr. Pierce: In the office where I have my suite there are only two of these mills that are represented and they have there a general

Mr. Cowan: All you are represented in are represented in an ad-

visory capacity at least, which you occupy?

Mr. Pierce: Well, yes.

Mr. Cowan: Who is there then for you to advise with if the other

mills haven't somebody there? Mr. Pierce: The president of the company, bookkeepers, cashiers,

treasurer, second vice-president.

Mr. Cowan: Are they located there?

Mr. Pierce: They are all located there.

Commissioner Harlan: Let me put a question which will 1423 go to the point you are trying to arrive at in a little different Is there one dominating or predominating interest in all form. these companies?

Mr. Pierce: There is not.

Commissioner Harlan: Are there one or two men that are large stockholders in all the companies?

Mr. Pierce: There is not.

Mr. Cowan: I was leading up only to the point of finding out what is this Southern Pine—what is the name of that?

Mr. Jeffery: The Southern Pine System.

Mr. Cowan: Southern Pine System. I was just leading up to a final question to know how it came about there was such a thing known in this transaction as the Southern Pine System, and it seems for trade convenience and so forth.

Mr. Pierce: I have stated it was a trade name for convenience in handling all the business of these roads without handling all

the names at once.

Mr. Cowan: So in your correspondence with the Iron Mountain no matter which one it is for, it is under the name of-

Mr. Pierce: The Southern Pine System.

Commissioner Harlan: It seems to be a system without any verte-

Mr. Cowan: I think it has got pretty good vertebræ in Mr. Pierce. Commissioner Harlan: I think Mr. Pierce has given us all the

information he has on the question.

Mr. Jeffery: I notice in all these short line railroads you are auditor of they all have the same division. I suppose in the capacity of the auditor of the various roads you knew what the other roads were getting so you could get the same?

Mr. Pierce: Did you notice they were all the same?

Mr. Jeffery: The divisions are the same.

Mr. Pierce: You noticed they were all the same?

Mr. Jeffery: I understood so.

Mr. Pierce: You are sure you noticed that?

Mr. Jeffery: I thought I had, but I see I am mistaken, so I withdraw that.

Commissioner Harlan: There is just one question to which
1425 1 wish to direct your attention before you leave the stand,
and that is that although you know the affairs of these sev-

and that is that although you know the affairs of these several railroad companies, and something of the affairs of these several lumber companies, you have only indicated one small going concern in all this region that hauls its logs to the mill and its lumber to the station. Now, before you get off the stand, do you know any others who are successfully operating under those conditions in competition with you and others who are getting divisions?

Mr. Pierce: Would the Commissioner permit me to take that under thought and hand in a memorandum later?

Commissioner Harlan: Yes, I think that is only fair.

Mr. Pierce: I would like to.

Commissioner Harlan: I think the record ought to show, it has a direct relation, Mr. Pierce, to my inquiry, that at this time you are not able, notwithstanding your familiarity with all these matters, to show more than one. But I think it is entirely fair for you to look into the matter.

Mr. Cowan: There is one question I want to ask about all the roads that I had asked about one or two, and that is, is it not a fact that the auditor who makes up these annual reports which

you have before you for each of the railroad companies you are general auditor of, keeps his office in the lumber company's office and is an employee of the lumber company?

Mr. Pierce: He is an employee of the railroad company, Judge, but he has his office in the lumber company's office as a rule. I do not recollect now the exact circumstances with regard to each one

of these cases.

Mr. Cowan: Is he not also in each case the bookkeeper or auditor for the lumber company?

Mr. Pierce: He generally has joint duties.

Mr. Cowan: Is there an arrangement between the railroad company and the lumber company as to how much salary each one pays?

Mr. Pierce: I am not familiar with it, but I presume there is.

Mr. Cowan: That you do not handle?

Mr. Pierce: No.

Mr. Cowan: They agree or somebody agrees on the \$300 a month they pay you as Auditor, and that is distributed equally between each railroad company?

Mr. Pierce: Yes, sir.

Mr. Jeffery: When was the last one of these roads built?

Mr. Pierce: The last one of these roads was—I do not know, Mr. Jeffery.

Mr. Jeffery: Was it not about 1904? Your attorney suggests that it was about that year. Was not that correct?

Mr. Pierce: Yes, sir, I would say that the Saline Bayou was the

last road built.

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Mr. Jeffery: The Saline Bayou? Mr. Pierce: Yes, sir.

Mr. Jeffery: You say they were built pursuant to a verbal understanding or verbal agreement, I suppose prior to the time of the building and completion. With whom were those agreements?

Mr. Pierce: Do you want me to go into the detail of the history

of this matter, Mr. Jeffery?

Mr. Jeffery: No, I am just asking you to give the names of the

parties with whom you had the understanding.

Mr. Pierce: The suggestion was originally brought to my attention by Col. Dean's office, of the Land Department, and the traffic arrangements were made with Mr. Lincoln, is my present recollection.

Mr. Jeffery: Mr. J. C. Lincoln?

Mr. Pierce: Yes, sir.

Mr. Jeffery: And there was no further negotiation-I mean when the contract was actually made, was it made with the Vice President or any higher official or with just the traffic official?

Mr. Pierce: With the traffic official. There was no contract in

the sense of a written document.

Mr. Jeffery: I understand, but you can have a verbal con-1429 tract.

Mr. Pierce: It was an interchange of views between traffic officials.

Mr. Jeffery: And I suppose at that time they made an agreement with you to give you so much of a division if you gave them the business and built the roads, that was the substance of it.

Mr. Pierce: That was the substance of it.

Mr. Jeffery: And this was all prior to 1904? Mr. Pierce: Yes, sir.

Mr. Brown: You stated in response to Mr. Jeffery's question that all these arrangements were made prior to the construction of any of these roads. Is that true of what is now the Griffen, Magnolia & Western?

Mr. Pierce: The road was commenced by another concern that met with misfortune.

Mr. Brown: You mean they failed financially?

Mr. Pierce: With which these people had nothing to do, that is what I mean. They met with financial misfortune.

Mr. Brown: What did your company do when you went into business there at Griffen, how much road had been con-1430 structed there at that time?

Mr. Pierce: About five miles of road been constructed there.

Mr. Brown: Was the road incorporated at that time?

Mr. Pierce: It was not,

Mr. Brown: Just what did your company do there?

Mr. Pierce: We extended this road, and we found that the mill

was pushing the road into a territory where there was a great deal of business which came to it outside of the logging business, and we found that we were performing the functions of a common carrier without being properly incorporated. Our attention was brought to this fact by a member of the Arkansas State Commission and it was suggested that if we wanted to act with propriety we would incorporate our property, and would commence to maintain the right relations toward the State and Federal Commissions. In this way the corporation was brought about.

Mr. Brown: Taking that road, have you ever had under considera-

tion or have you now any plan for its extension?

Mr. Pierce: We have had and have now under consideration plans for its extension both east and west.

1431 Mr. Brown: To what point?

Mr. Pierce: Magnolia. Mr. Brown: Not Hot Springs?

Mr. Pierce: No, not Hot Springs. I tried to say that soon enough so as to avoid all criticism. We were intending to reach Magnolia on the west, and either El Dorado or Champion on the east.

Mr. Brown: Has there ever been any serious negotiation looking

to that extension?

Mr. Pierce: There has been serious negotiation looking to the extension in that—

Mr. Brown: When was that?

Mr. Pierce: In 1907, just before the panic. The town of Magnolia made us a very handsome offer to put our connection there, and the town of El Dorado also approached us on the subject and we were practically guaranteed a bonus and an assisting fund of \$2,000 a mile in the construction of this road, but the panic of 1907 came on and we were unable to finance it. The conditions since that time with regard to lines of this character have been so chaotic there has been nothing further done with the matter.

Mr. Brown: Is it the purpose of this company in the natural course of events to make these connections you speak of?

Mr. Pierce: We expect to be able to do so.

Mr. Brown: And extend to the towns you mentioned?

Mr. Pierce: Yes, sir, we expect to do so.

Mr. Brown: With respect to each of these roads there has been a good deal said about the lumber companies and mills at each of these points. In your opinion do each of these roads serve a public purpose and perform a public service independently of and without reference to these various mills?

Commissioner Harlan: I think that will not do. This witness has shown the facts. You can ask him what the facts are, and we

have gone over that.

Mr. Brown: My only purpose is to develop whether there was any need for a railroad in the vicinity, if the mill was taken away. I think the witness ought to be permitted to state what the facts are about that.

Commissioner Harlan: He has already stated the facts. There is no objection to his answering that question.

Mr. Brown: Assuming the mills were taken away, is there any public need for the railroad concerning which you have testified this morning?

1433 Mr. Pierce: There is a public need for them. Mr. Brown: Is that true of each one of them?

Mr. Pierce: It is true of each one of them in a varying degree.

Commissioner Harlan: Well, in the natural course of events and the development of the country through which these various roads run, would it increase and naturally increase the traffic—

Commissioner Harlan: That does not add to the value of the record. I think in all but one case there is a deficit shown with the

lumber traffic at this time.

Mr. Brown: That is true of some trunk lines and yet they may

serve a public purpose.

Commissioner Harlan: I do not know of any trunk line that does not pay the cost of operations. There may be one or two, but generally speaking there are not. I think the facts on that question are sufficiently in the record. You are leading the witness beyond Hot Springs to the Sunset, in what you are doing.

Mr. Brown: My purpose was to show whether there would be any traffic developed there outside of the lumber business.

1434 Commissioner Harlan: Is there any traffic now or in the immediate future to pay the running expenses of these roads, if the lumber business is suspended?

Mr. Pierce: There is in connection with the Griffen, Magnolia & Western; if it was economically managed it would pay its own expenses independent of the business of the controlling interest.

Commissioner Harlan: Is that true of any other roads you have

mentioned?

Mr. Pierce: I do not think it is true of any of the others yet.

Mr. Brown: Is there any prospects of development on these other roads?

Mr. Pierce: There is a prospect of it. We cannot develop unless

we have facilities for transportation.

Mr. Brown: Are the character and amount of the products of the soil served by these various roads such as will bring traffic to the road when it is developed?

Mr. Pierce: Traffic is bound to be developed when the timber is

taken off.

Mr. Brown: Do your various companies at all times accept all the freight traffic that is tendered to them and hold themselves as carriers for hire on all the traffic tendered to them for transportation?

Mr. Pierce: We do.

Mr. Brown: That is all.

Mr. Cowan: There is one question opened up or that seems to be opened up by Mr. Jeffery's inquiry, and that is when the arrangement was made with the Iron Mountain Railroad which he states was suggested by the land man, or Land Commissioner, I believe he said, that these lumber companies then proceeded to capitalize and provide the means for its development.

Mr. Pierce: You understand me, do you, correctly, that I said the investment in this particular mill property was suggested by the Land Department of the Iron Mountain?

Mr. Cowan: I thought you said-

Mr. Pierce: They did do so.

Mr. Cowan: And then you made the traffic arrangement with Mr. Lincoln.

Mr. Pierce: Yes, sir, afterwards.

Mr. Cowan: And that was before any of these railroads were built except a little part of the Griffen, Magnolia & 1436 Western?

Mr. Pierce: Well, this other property was also in a similar

situation at that time.

Mr. Cowan: The present interests which own these railroads and sawmills made their arrangements for the financing of the transaction after the arrangement had been made with the railroad company which you have just spoken of?

Mr. Pierce: That is practically true.

Mr. Cowan: And the financing involved, of course, the railroad as well as the sawmill structures and timber lands and whatever else was necessary to the undertaking?

Mr. Pierce: The revenue came from the same source.

Mr. Cowan: That seems to be all. (Witness excused.)

Mr. Jeffery: We have not gone into the question of the basis of divisions. Of course they are based on the distances and amounts charged. I assume that is in the record because in each case you have your own tariffs with the tap lines.

Commissioner Harlan: Yes.

1437 Natchez, Urania & Ruston Railway.

Q. T. HARDTNER, was called as a witness, and having been duly sworn, testified as follows:

Commissioner Harlan: Where do you reside?

Mr. Hardtner: Urania.

Commissioner Harlan: What is your position?

Mr. Hardtner: Auditor and General Freight Agent of the Natchez, Urania & Ruston.

Commissioner Harlan: When was that organized?

Mr. Hardtner: In 1899.

Commissioner Harlan: Under the laws of the State of Indiana? Mr. Hardtner: And chartered in 1902, March 29th, 1902.

Commissioner Harlan: You draw a distinction between the organization of that company and its chartering?

Mr. Hardtner: Yes, sir.

Commissioner Harlan: Just what do you mean by that? Mr. Hardtner: The charter was not made until 1902.

Commissioner Harlan: Was it a going concern as a railroad in 1899?

1438 Mr. Hardtner: It was.

Commissioner Harlan: Built by whom?

Mr. Hardtner: The Urania Lumber Company. Commissioner Harlan: When you organized the railroad company in 1902 what was the authorized capital?

Mr. Hardtner: \$100,000.

Commissioner Harlan: What has been paid in?

Mr. Hardtner: \$50,000.

Commissioner Harlan: Have you any bonded indebtedness?

Mr. Hardtner: We have not.

Commissioner Harlan: How did the railroad company acquire title to the railroad and equipment?

Mr. Hardtner: By purchase from the Urania Lumber Company. Commissioner Harlan: The payment was made by turning over this capital stock?

Mr. Hardtner: Yes, sir.

Commissioner Harlan: That included the title to the roadbed? Mr. Hardtner: No, the right of way belonged to the Urania Lumber Company.

Commissioner Harlan: Then the railroad company ac-

1439 quired only the rails and the equipment? Mr. Hardtner: Rails and the equipment.

Commissioner Harlan: And the ties?

Mr. Hardtner: Yes.

Commissioner Harlan: Was there any lease by the lumber company to the railroad company of the right of way?

Mr. Hardtner: Nominally so, yes, sir; a service is rendered.

Commissioner Harlan: Nothing in writing?

Mr. Hardtner: No.

Commissioner Harlan: Do you regard the Natchez, Urania & Ruston as a railroad company under the laws of the State of Louisiana?

Mr. Hardtner: We do.

Commissioner Harlan: Can a railroad under the laws of Louisiana be a railroad company without owning its right of way or having a definite lease for it?

Mr. Hardtner: I do not know. Commissioner Harlan: Well, we will not go into that question. Who are the officers of the railroad company?

Mr. Hardtner: Henry E. Hardtner, President, A. J. Hardtner, Secretary and Treasurer, Q. T. Hardtner, Auditor and 1440 General Freight Agent.

Commissioner Harlan: Are they also officers of the Urania Lum-

ber Company?

Mr. Hardtner: Yes.

Commissioner Harlan: And are the stockholders in the two companies substantially identical?

Mr. Hardtner: Substantially so.

Commissioner Hardtner: What is the length of the railroad? Mr. Hardtner: About 14 miles; I do not know just exactly. Commissioner Harlan: Standard gauge?

Mr. Hardtner: Standard gauge. Commissioner Harlan: What rail? Mr. Hardtner: 35 and 56 pound.

Commissioner Harlan: Where is your junction with the Iron Mountain?

Mr. Hardtner: Urania.

Commissioner Harlan: In the State of Louisiana?

Mr. Hardtner: Yes, sir.

Commissioner Harlan: Have you any station of your own at Urania?

Mr. Hardtner: We have not.

1441 Commissioner Harlan: Is the mill of the lumber company on the tracks of the Iron Mountain?

Mr. Hardtner: On the tracks of the Natchez, Urania & Ruston. Commissioner Harlan: Does not the lumber yard go right up to the right of way of the Iron Mountain?

Mr. Hardtner: Part of it, yes, sir.

Commissioner Harlan: Where is the planing mill?

Mr. Hardtner: The planing mill is right at the mill. We have no regular planing mill. We saw timbers, and-

Commissioner Harlan: How far is the sawmill from the tracks of the Iron Mountain?

Mr. Hardtner: About 300 yards.

Commissioner Harlan: Does not the Iron Mountain spur reach right up to the mill?

Mr. Hardtner: Up to their right of way. I think it shows right

on that map just where it is (indicating).

Commissioner Harlan: Before the railroad was organized did the

Iron Mountain build a spur track into your mill?

Mr. Hardtner: The old mill, there was an old mill right on the Iron Mountain track, and the old mill has been torn down and a new mill built.

Commissioner Harlan: When was the new mill built? Mr. Hardtner: Latter part of 1900 or early in 1901.

Commissioner Harlan: Was it the transfer of the old mill to a new site?

Mr. Hardtner: No, we built a new mill.

Commissioner Harlan: And new machinery?

Mr. Hardtner: Yes, sir.

1442

Mr. Cowan: What is the output of the mill?

Mr. Hardtner: About 80,000 a day, about 15,000,000 to 18,-000,000 feet a year.

Mr. Cowan: Of pine lumber?

Mr. Hardtner: Pine.

Commissioner Harlan: What is the extent of the pine lands owned by the Urania Lumber Company?

Mr. Hardtner: They own about 30,000 acres at present.

Commissioner Harlan: Does that company own any tram lines that join with your line?

Mr. Hardtner: No.

Commissioner Harlan: Do you own any tram line?

Mr. Hardtner: The Natchez, Urania & Ruston own the spur tracks.

Commissioner Harlan: What is the mileage of those spur

1443 tracks?

Mr. Hardtner: Those spur tracks are very short; they are not over a quarter of a mile in length.

Commissioner Harlan: You own them, build them and operate

them?

Mr. Hardtner: Yes.

Commissioner Harlan: And the lumber company has no locomotive?

Mr. Hardtner: No.

Commissioner Harlan: How many have you?

Mr. Hardtner: Two.

Commissioner Harlan: How many cars have you?

Mr. Hardtner: 25, I think.

Commissioner Harlan: The lumber company has none?

Mr. Hardtner: No.

Commissioner Harlan: Do you load the logs of the lumber company on to the cars?

Mr. Hardtner: We do.

Commissioner Harlan: And you unload them at the mill?

Mr. Hardtner: We do.

Commissioner Harlan: You haul them over these spur tracks to your main line?

1444

Mr. Hardtner: Yes, sir. Commissioner Harlan: Do you make any special charge

for that?

Mr. Hardtner: We charge \$1.50 a thousand for loading and hauling the logs to the mainline, and also for keeping up the track. Commissioner Harlan: Well, but that track is yours.

Mr. Hardtner: What is that? Commissioner Harlan: That track is yours, it belongs to the railroad company.

Mr. Hardtner: Yes.

Commissioner Harlan: You do not charge them anything for keeping up the track which you own?

Mr. Hardtner: I say this \$1.50 charge covers loading the logs

and hauling out to the main line.

Commissioner Harlan: And unloading at the pond?

Mr. Hardtner: Yes-no, the main line crew unload at the pond. Commissioner Harlan: From the junction of the main line with the logging lines, what charge do you make to the lumber company?

Mr. Hardtner: We do not make any.

1445 Commissioner Harlan: You do not know that is a free service?

Mr. Hardtner: We get a division.

Commissioner Harlan: That is the through rate to destination on lumber extends back to what point?

Mr. Hardtner: Yes, sir; Hinton is the point.

Commissioner Harlan: Hinton is the junction on your line?

Mr. Hardtner: No, that is the shipping point.

Commissioner Harlan: That is the shipping point?

Mr. Hardtner: Yes, sir, in the woods; in fact it is the centre of the logging operations. Urania is the junction point with the Iron Mountain.

Commissioner Harlan: Yes, but is Hinton on the logging lines

or on your main line?

Mr. Hardtner: It is on the main line. Commissioner Harlan: Then it is the point where the logging lines join your main line?

Mr. Hardtner: Yes.

Commissioner Harlan: What is the lowest division you get to any destination on lumber from Hinton?

1446

Mr. Hardtner: Two cents. Commissioner Harlan: And what is the highest?

Mr. Hardtner: Well, on one road we get four cents, there was one

road in Oklahoma, but the principal division is three cents.

Commissioner Harlan: I do not quite understand that. main lines do vou join? Only the Iron Mountain.

Mr. Hardtner: Only the Iron Mountain, that is all.

Commissioner Harlan: And they give you two cents to some points, and you then said that one line gives you four cents to Oklahoma.

Mr. Hardtner: Our settlements come from the delivering line, our division settlements; for instance, if we ship to the Missouri. Oklahoma & Gulf, that is, if they deliver the lumber, the divisions come from that road.

Commissioner Harlan: Is that the road that gives you three

cents?

Mr. Hardtner: Four cents.

Commissioner Harlan: And that is your highest division?

Mr. Hardtner: That is our highest division.

Commissioner Harlan: And your average division on all traffic is what?

Mr. Hardtner: About two and a half cents. 1447

Commissioner Harlan: Did you say how many acres of land the lumber company owns out there?

Mr. Hardtner: Yes, sir; about 30,000 acres.

Commissioner Harlan: Does anyone else own any out there?

Mr. Hardtner: Yes.

Commissioner Harlan: Do you haul out logs over the tram lines and on to your main line for any other lumber company?

Mr. Hardtner: No.

Commissioner Harlan: Well, how do these other people reach the Iron Mountain?

Mr. Hardtner: Well, they have not shipped any logs. still own the land. It is farmers and settlers.

Commissioner Harlan: But they are not doing any logging operations?

Mr. Hardtner: Only stave bolts and ties.

Commissioner Harlan: That is all hardwood?

Mr. Hardtner: Hardwood, yes, sir.

Commissioner Harlan: Do they own pine woods also?

Mr. Hardtner: Yes.

Commissioner Harlan: But none of them are making any logs?

Mr. Hardtner: No. 1448

Commissioner Harlan: Why is that?

Ar. Hardtner: Well, I don't suppose they have enough to justify them putting up a mill. There was a small mill on the line, but it is now discontinued.

Commissioner Harlan: Whereabouts on your line was that mill?

Mr. Hardtner: It was about half way out to Hinton. Commissioner Harlan: Was it right on your line?

Mr. Hardtner: Yes.

Commissioner Harlan: How long did it continue in operation? Mr. Hardtner: Well, it was in operation when we built out there, I think. It was just the local business throughout the country, a small mill.

Commissioner Harlan: What was its output, do you remember?

Mr. Hardtner: I suppose about 1,000 to 2,000 feet a day.

Commissioner Harlan: Did it operate at any time after the railroad was organized in 1902, or had it ceased the operations before that time?

Mr. Hardtner: I don't really remember. It may have operated

a short time after that.

Commissioner Harlan: Did the Urania Lumber Company get any divisions before the railroad company was organized? The railroad was there. 1449

Mr. Hardtner: Yes.

Commissioner Harlan: And the lumber company operated the locomotives and cars for itself?

Mr. Hardtner: The Natchez, Urania & Ruston did. Commissioner Harlan: And it took the logs to its mill, and then they were made into lumber and they got no allowance of any kind from the Iron Mountain?

Mr. Hardtner: No.

Commissioner Harlan: You did not commence to get any divisions or allowances until after the railroad company was organized?

Mr. Hardtner: No.

Commissioner Harlan: And I assume it was organized for that purpose, was it not?

Mr. Hardtner: No, it was organized primarily, of course, to haul

Commissioner Harlan: But the railroad was built primarily to haul logs?

Mr. Hardtner: Yes.

Commissioner Harlan: And was there?

Mr. Hardtner: Yes. 1450

Commissioner Harlan: Now then there came a point in 1902 when you organized a railroad company. Why did you organize a railroad company?

Mr. Andrews: I think the witness misconstrues that. He does not understand that you mean chartered. He stated in the beginning that he organized back some time before the chartering.

Commissioner Harlan: I see. This is the question. You make a distinction between the word organized and the word charter?

Mr. Hardtner: Yes.

Commissioner Harlan: We do not want any misunderstanding. Now then you organized the railroad in the sense of building it in 1899?

Mr. Hardtner: Yes.

Commissioner Harlan: It was built by the lumber company?

Mr. Hardtner: Yes.

Commissioner Harlan: I understood you to say the lumber company got no allowance or divisions at that time?

1451 Mr. Hardtner: Yes, sir, it got divisions from the beginning

when it was first built.

Commissioner Harlan: Now we understand one another. How much of a division did you get at that time, I refer to the lumber company.

Mr. Hardtner: I think our divisions are the same now as they

were in the beginning.

Commissioner Harlan: So after the railroad was chartered there was no change in the divisions?

Mr. Hardtner: No.

Commissioner Harlan: Now what was the extent of your tonnage last year?

Mr. Hardtner: Your Honor, I haven't it exact; I could give it approximately.

Commissioner Harlan: Yes, that will do.

Mr. Hardtner: Our tonnage was about 17,500 tons of lumber in all

Commissioner Harlan: And that all belonged to the Urania Lumber Company except some staves and things of that kind?

Mr. Hardtner: Yes, sir.

Commissioner Harlan: You do not have any mail service?

Mr. Hardtner: No.

Commissioner Harlan: Or passenger service?

1452 Mr. Hardtner: We have made application for mail service now. There is a post office at Hinton and it is now supplied by what they call the Star Route, driven around through the country, and the government has sent out papers asking for measurements, and so forth, with a view of establishing a mail route on the line.

Commissioner Harlan: Do you carry express?

Mr. Hardtner: No.

Commissioner Harlan: Any passengers?

Mr. Hardtner: Only those connected with the tap line, free.

Commissioner Harlan: Free of charge?

Mr. Hardtner: Yes.

Commissioner Harlan: You do not carry any less than carload freight outbound?

Mr. Hardtner: Yes, sir.

Commissioner Harlan: What kind?

Mr. Hardtner: Local shipments for which we make no charge. Commissioner Harlan: You carry it simply to the junction points?

Mr. Hardtner: Yes, sir, or along the line.

Commissioner Harlan: What is it, cotton or farm produce? 1453 Mr. Hardtner: We have handled some cotton, but not the last two or three years because there is no cotton raised down there now.

Commissioner Harlan: Is there any general inbound merchandise

carried over your line?

Mr. Hardtner: Yes, sir. Commissioner Harlan: On local rates. Mr. Hardtner: Well, we make no charge.

Commissioner Harlan: You have no revenue from any source except on the movement of logs and lumber in staves?

Mr. Hardtner: Yes, sir, that is all.

Commissioner Harlan: Your logging road dumps the logs into the pond and then they are taken into the mill and made into lumber?

Mr. Hardtner: Yes.

Commissioner Harlan: Who sets the cars at the mill for loading? Mr. Hardtner: The Iron Mountain pushes the cars in and we do part of the switching. We spot some of the cars, but as a rule the Iron Mountain local will spot the cars on the side

track. They come in on our main line. 1454

Commissioner Harlan: Do you do any switching for outsiders?

Mr. Hardtner: Yes, sir.

Commissioner Harlan: There is a little town, is there, at the junc-

Mr. Hardtner: There is. Commissioner Harlan: And you have some spur tracks there leading to industries?

Mr. Hardtner: Yes, sir.

Commissioner Harlan: What are those industries?

Mr. Hardtner: Well, staves and ties that are shipped out to New Orleans or other points.

Commissioner Harlan: They are not made at Urania, are they?

Mr. Hardtner: Oh, no.

Commissioner Harlan: You bring them in-

Mr. Hardtner: They are made by the farmers as a rule.

Commissioner Harlan: On your line?

Mr. Hardtner: Yes.

Commissioner Harlan: And you bring them in and they are stored here?

Mr. Hardtner: No, they are shipped on out, that is in car-

Commissioner Harlan: What charge do you make for that 1455

Mr. Hardtner: We have a minimum charge of \$15.00 a car. Commimssioner Harlan: Do you move any logs over your line to Urania on a local rate of \$15.00?

Mr. Hardtner: No. We have shipped some hardwood logs out to New Orleans and also north, but it is a very small percentage.

Commissioner Harlan: What service do you perform for these divisions? As I understand it, you take the logs of the lumber company at the junction of the tram lines with your main line?

Mr. Hardtner: Yes.

Commissioner Harlan: You make no charge against the lumber company for hauling them to the mill?

Mr. Hardtner: No.

Commissioner Harlan: But under a milling in transit rate the logs are there made into lumber and the Iron Mountain usually spots the cars?

Mr. Hardtner: Yes.

Commissioner Harlan: And then the manufactured lum-1456 ber moves out to destination on the through rate?

Mr. Hardtner: Yes, sir.

Commissioner Harlan: And then you get the divisions of the through rates?

Mr. Hardtner: Yes.

Commissioner Harlan: Have you any other source of revenue?

Mr. Hardtner: No.

Commissioner Harlan: No trackage rights?

Mr. Hardtner: No.

Commissioner Harlan: You say you have issued \$50,000 of capital stock?

Mr. Hardtner: Yes.

Commissioner Harlan: Does that represent the original cost of the road and equipment?

Mr. Hardtner: Practically; that is up to that time. Now the cost of the road to date is more than that.

Commissioner Harlan: What is it to date?

Mr. Hardtner: \$70,805.

Commissioner Harlan: Up to date?

Mr. Hardtner: Yes.

Commissioner Harlan: What were your net earnings last year approximately?

Mr. Hardtner: Approximately-

Commissioner Harlan: Give your gross first, if you have it?

Mr. Hardtner: The gross was about \$28,250. Commissioner Harlan: And your net?

Mr. Hardtner: Net earnings—I do not know, I think it was about

Commissioner Harlan: Do you file reports with the Commission

annually?

Mr. Hardtner: We have not yet. We wanted to ask permission to file the report before the end of the year for this last year's business. We file reports with the State Railroad Commission and have been filing monthly reports.

Commissioner Harlan: What do your reports to the State Com-

mission show as net earnings for the year 1909?

Mr. Hardtner: I don't know. The President made out the re-

Commissioner Harlan: You have stated to our Examiner, or some officer of the railroad did, that your net recenue for that year was in excess of \$10,000. Is that your recollection?

Mr. Hardtner: I suppose it was. It was some less than 1458

this year.

Commissioner Harlan: You mean it is more this year than it was last?

Mr. Hardtner: Yes.

Commissioner Harlan: Well, that was a net revenue on a total investment of \$70,000?

Mr. Hardtner: Yes.

Commissioner Harlan: About 15 per cent, something like that. Mr. Hardtner: Well, the net investment was not as much last year as this, because we have expended some more this year,

Commissioner Harlan: So that the percentage of earnings last year was in excess perhaps of 15 per cent, and about 15 per cent

this year?

Mr. Hardtner: It is about 15 this year. I have no recollection of

last year.

1459

Commissioner Harlan: Do you find any small lumber people about you that are successfully competing with you that have to haul their logs by wagon to mill, and haul the lumber to the station?

Mr. Hardtner: I do not know of any small mills in our

Commissioner Harlan: Small people cannot compete with you? Mr. Hardtner: There is no timber along the Iron Mountain that can be bought; in fact there is none at all. It has all been cut out. The only timber there is is out from the road.

Commissioner Harlan: Didn't you say there were some people

who owned timber on your line?

Mr. Hardtner: Yes. I was speaking of the Iron Mountain now. Probably 50 per cent of the lands out through the interior on our road, that is not owned by the Urania Lumber Company.

Commissioner Harlan: 50 per cent?

Mr. Hardtner: Yes, sir.

Commissioner Harlan: And they are not logging them at all?

Mr. Hardtner: No.

Mr. Brown: This 50 per cent of the outside holdings on the lands along your railroad, is that held in large or small tracts?

Mr. Hardtner: Small tracts. Mr. Brown: You stated, I believe, that about 10 per cent of your earnings were from business other than the lumber 1460 company?

Mr. Hardtner: Practically just about that; maybe a little less.

Mr. Brown: Are there any agricultural lands-

Commissioner Harlan: I do not remember that the witness stated What is that percentage?

Mr. Hardtner: Of the outside business, it is about 10 per cent or probably a little less, that is ties, staves and business of that kind.

Mr. Brown: Are there any agricultural lands contiguous to your

railroad?

1461

Mr. Hardtner: There are.

Mr. Brown: What is the character of that land, fertile or-

Mr. Hardtner: Agricultural lands, creek bottoms.

Mr. Brown: Fertile or otherwise?

Mr. Hardtner: Fertile. Not all of them, but the creek bottoms are.

Mr. Brown: About what is the acreage of this agricultural land along the line?

Mr. Hardtner: I do not know, I could not state how much.
Mr. Brown: Is there a considerable acreage or just small

Mr. Hardtner: Well, I do not know, I could not say just what amount. I suppose probably 20 per cent are agricultural lands.

Mr. Brown: The timber holdings of the Urania Lumber Company extend almost to Winnfield on the west, and Jena on the east, do they not?

Mr. Hardtner: Yes, sir,

Mr. Brown: Have you cut out any part of the timber on the east of the Iron Mountain tracks?

Mr. Hardtner: We have not.

Mr. Brown: This town of Hinton, is that a town or just a village station?

Mr. Hardtner: It is the loading operations—it is a town.

Mr. Brown: It has a post office?

Mr. Hardtner: It has a post office but it is not an incorporated town.

Mr. Brown: The town of Urania, how is that built, is it up along the Iron Mountain track or along the line of your railroad?

1462 Mr. Hardtner: It is built up along the line of our railroad.

Mr. Brown: Are the loading tracks and side tracks on your track there or on the tracks of the Iron Mountain?

Mr. Hardtner: On our tracks.

Mr. Brown: And those are the tracks which serve the town of Urania?

Mr. Hardtner: Yes, sir.

Mr. Brown: Are you familiar with the country traversed by your railroad?

Mr. Hardtner: Rather.

Mr. Brown: Considering its general character, do you think there are sufficient resources there to support your railroad independently of the mill business of the Urania Lumber Company?

Mr. Hardtner: Well, I don't know whether there is or not.

Mr. Brown: You are not able to say?

Mr. Hardtner: No.

Mr. Brown: I think that is all.

Commissioner Harlan: I want to direct your attention to the fact that our examination of your books showed that less than two per cent of your gross revenues for the year 1909 came from traffic not supplied by the lumber company; \$600 all told.

Mr. Brown: I would like to ask him, do you use the regular and aniform bills of lading?

Mr. Hardtner: Yes.

Mr. Brown: And the waybilling?

Mr. Hardtner: Yes.

Mr. Brown: Are these copies of the bills used (handing papers)?

Mr. Hardtner: Yes, sir.

Mr. Brown: We would like to file them.

(The papers so offered and identified, were received in evidence and thereupon marked Natchez, Urania & Ruston Railway Exhibits Nos. 1 and 2, Witness Hardtner, received in evidence December 13th, 1910, and are attached hereto.)

Mr. Brown: If you would like, we will file a blue print showing the connection with the Iron Mountain and the spur tracks and mills, showing the distances, and so forth.

Mr. Cowan: The statement for 1909 shows \$40,540 of traffic supplied by the lumber company, and the other traffic \$600, a total of \$41,140 and the operating expenses \$30,957, leaving a net

revenue of \$10,183. Do those figures conform to your recollection?

Mr. Hardtner: I don't remember. I did not make the report.

Mr. Cowan: If so, it appears that your operating expenses of that road were \$30,957. If you had not had any divisions of the rates, your expenses of operation of course, would have been the same, because you had to operate for the purposes of supplying the mill with logs. Would not that be true?

Mr. Hardtner: Yes.

Mr. Cowan: So you received out of the divisions of these rates almost \$10,000 more than the total cost of operating the logging roads for supplying the mill with logs.

Mr. Hardtner: And divisions?

Mr. Cowan: Yes.

Mr. Hardtner: Yes. I suppose so. I don't know just what the

Mr. Cowan: Do you know of any lumber concerns in the country who are operating their sawmills by rail logging propositions similar to your mill which are not getting a division of the rates?

Mr. Hardtner: I don't know. I presume they all get 1465

Mr. Cowan: The \$15.00 per car which you charge on the stave divisions. bolts and the like, is simply a local charge from delivery points to the Iron Mountain?

Mr. Hardtner: Yes.

Mr. Cowan: Is that covered by a tariff of any sort?

Mr. Hardtner: I think it is. We have a tariff to New Orleans. Mr. Cowan: But would the haul on your line be covered by a

tariff? Mr. Hardtner: Yes. We have a tariff, I think it is filed with the State Commission.

Mr. Cowan: With the State Commission?

Mr. Hardtner: Yes, sir.

(Witness excused.)

Whereupon, at 1:00 P. M. a recess was taken until 2:00 P. M.

1466 After Recess.

Mr. Brown: Mr. F. R. Pierce, who was on the stand for the lines representing the Southern Pine System, gave testimony before your Honors two years ago in the case of the Chicago Coal & Lumber Company against the Tioga & Southeastern along the general lines involved in this hearing, and I would like permission to have the testimony he gave in that case made part of his testimony given this morning.

Commissioner Harlan: It was understood yesterday that the entire testimony in that case would be attached to this case, and could

be referred to as a part of the record here.

Among the cases reserved for Tuesday were two Rock Island cases, the Doniphan, Kensett & Searcy, and that will be heard by Examiner Burchmore in a few minutes, as I understand; and the other was the Woodworth & Louisiana Central Railroad. Is that road represented?

Mr. Thurmond: I represent that road.

Commissioner Harlan: Are your witnesses here?

Mr. Thurmond: Yes, they are around the building. They are not all here now.

Commissioner Harlan: Have you any witnesses here now?

Mr. Thurmond: No. Will you take that up in connection with the two other roads, the Sibley, Lake Bistineau & Southern and—

Commissioner Harlan: Are the witnesses here?

Mr. Thurmond: They are all within call.

Mr. Riddell: Just before adjournment your Honor called the Ouachita & Northwestern, and I presumed you were going to take it up immediately after adjournment. It follows the Natchez, Urania & Ruston and is an Iron Mountain connection.

Commissioner Harlan: Well, we will reach that this afternoon,

I hope; in fact I know we shall.

Mr. Riddell: I thought as the other lines were not ready immediately on the call we might take that up now.

Commissioner Harlan: How many witnesses have you?

Mr. Riddell: Just one. It will not take very long.

Commissioner Harlan: While counsel is getting his witnesses we will hear your witness.

1468 Quachita & Northwestern Railroad.

C. E. SLAGLE, was called as a witness, and having been duly sworn. testified as follows:

Commissioner Harlan: Where do you reside?

Mr. Slagle: Clarks, Louisiana,

Commissioner Harlan: Where is that with relation to Alexandria? Mr. Slagle: 62 miles north of Alexandria and 36 miles south of

Monroe.

Mr. Riddell: You might indicate it to the Commissioner.

Mr. Slagle: Here is a map of the road which might be of some service.

(Witness indicates position of Clarks on map before the Commis-

(The map so offered and identified, was received in evidence and thereupon marked Ouachita & Northwestern Railroad Exhibit No. 1. Witness Slagle, received in evidence December 13th, 1910, and is attached hereto.)

Commissioner Harlan: When was that line organized?

Mr. Slagle: It was incorporated May 27th, 1905, and amended on November 11th, 1908.

1469 Commissioner Harlan: When was the road built?

Mr. Slagle: The Standard division part of it was purchased from another company in 1906, and the northwest line from Clarks. the construction was commenced also in 1906.

Commissioner Harlan: Have you a line on one side of the Iron Mountain and one on the other side?

Mr. Slagle: The line on the east side has been taken up.

Commissioner Harlan: And now you have a line only on the west side?

Mr. Slagle: In a northwesterly direction. Commissioner Harlan: From Clarks?

Mr. Slagle: From Clarks,

Commissioner Harlan: What was the name of the line running from Clarks towards the east and south?

Mr. Slagle: Ouachita & Northwestern.

Commissioner Harlan: And that is also the name of the line running west from Clarks?

Mr. Slagle: Yes.

Mr. Riddell: I want to correct a mistake. You say you only have a line west of the Iron Mountain. That is from Clarks? 1470

Mr. Slagle: Yes, and east from Standard.

Commissioner Harlan: Is that all the investment of one company?

Mr. Slagle: Yes, sir.

Commissioner Harlan: Those three lines?

Mr. Slagle: Yes, sir.

Commissioner Harlan: We will start from the one running west from Clarks. What division do you call that?

Mr. Slagle: The Jackson Division.

Commissioner Harlan: What is the length of that line?

Mr. Slagle: It is under construction; as the new construction, the grading was finished in September of this year, 24% miles, and the steel has been laid to date approximately 20 miles, and it is now being laid about two miles a month.

Commissioner Harlan: Is it in operation?

Mr. Slagle: It is up to the end of the steel and increases as they finish it.

Commissioner Harlan: Have you at this time constructed any

logging connections?

Mr. Slagle: The railroad company owns all the railroad property of every description serving its company.

Commissioner Harlan: You have tram lines running into

the main line?

Mr. Slagle: Yes, sir, about 15 miles.

Commissioner Harlan: Now the line that ran west and somewhat southerly from Clarks you say has been removed? Mr. Slagle: Yes, sir, southeast.

Commissioner Harlan: Easterly and somewhat southerly?

Mr. Slagle: Yes.

Commissioner Harlan: What was the length of that line? Mr. Slagle: That line was originally about 14 miles. Commissioner Harlan: And when was it built?

Mr. Slagle: The construction was commenced in November, 1903. Commissioner Harlan: That was before the organization of the railroad company?

Mr. Slagle: It was before the incorporation of it.

Commissioner Harlan: Then it was originally built by whom? Mr. Slagle: We built it in the name of the Ouachita & Northwestern but as a matter of fact the Louisiana Central Lumber Company built it.

Commissioner Harlan: How long was it operated?

Mr. Slagle: It was operated until 1909.

Commissioner Harlan: And its title passed to the railroad

1472 company?

Mr. Slagle: Yes, sir, by deed. The property was all deeded to the Ouachita & Northwestern with a right of way northwest, not southeast, in 1908.

Commissioner Harlan: Was there any lease to it of the southeast

property?

Mr. Slagle: Yes, sir, there was a letter from the lumber company to the railroad company authorizing the use of the right of way through that country.

Commissioner: Harlan: That lumber was all taken off and then

the road itself removed between the termini?

Mr. Slagle: We purchased at Standard a mill property in 1906 which changed the operations at Clarks, leaving the balance of the property of that company for the sawing at Standard, and hence the operations were somewhat changed by that increased purchase of timber in that territory.

Commissioner Harlan: Well, in the meantime had you taken off all of the timber that was on that southeast or Standard branch? Mr. Slagle: As far as it extended?

Commissioner Harlan: As far as it extended, yes.

1473 Mr. Slagle: Yes, sir.

Commissioner Harlan: And you took up the tram lines and connected with it?

Mr. Slagle: Yes.

Commissioner Harlan: Or did you leave those tram lines and run them over to your Standard branch?

Mr. Slagle: No, they did not connect.

Commissioner Harlan: You took up all the tracks there?

Mr. Slagle: Yes, sir.

Commissioner Harlan: Did the Louisiana Central Lumber Company then have a mill at Clarks?

Mr. Slagle: Yes.

Commissioner Harlan: Has it still a mill at Clarks?

Mr. Slagle: We have two mills at Clarks.

Commissioner Harlan: Then they acquired this other property at Standard?

Mr. Slagle: Yes.

Commissioner Harlan: That is a mill property?

Mr. Slagle: It is a small mill property, but they rebuilt it entirely and enlarged it.

Commissioner Harlan: Are there any farms around what we call the southeast branch?

1474 Mr. Slagle: A good many farms, yes, sir.

Commissioner Harlan: Were there any other mills or in-

terests?

Mr. Slagle: We ship from one of the spurs of that tram, from what is called Cruse Lumber Company, and served them while the tram was there, but that part was never incorporated, you understand.

Commissioner Harlan: Where was their mill?

Mr. Slagle: About six miles from Clarks.

Commissioner Harlan: And east?

Mr. Slagle: Southeast, but it was on a spur and not on the main line of that track.

Commissioner Harlan: Was there any other mill on that line?

Mr. Slagle: No.
Commissioner Harlan: Was that mill using lumber from the lands of the Louisiana Central Lumber Company?

Mr. Slagle: No.

Commissioner Harlan: It owned its own lands?

Mr. Slagle: It owned its own land and is still in operation.

Commissioner Harlan: Did you move any general mer-1475 chandise or farm produce?

Mr. Slagle: We moved some, but an inconsiderable

amount.
Commissioner Harlan: While that line was there?
Mr. Slagle: Yes, sir. And there was some hay moved.

Commissioner Harlan: Did you have some stations on that line?

Mr. Slagle: Three buildings.

Commissioner Harlan: And you used some locomotives and equipment on that line that were later transferred to the other line when that line was taken up?

Mr. Slagle: Yes, sir, when we incorporated, by deed, the property

was all sold.

Commissioner Harlan: Well, but this line we have referred to as the southeastern line was owned by the Ouachita & Northwestern Road, that is the title—

Mr. Slagle: The deed passed in 1908.

Commissioner Harlan: And at that time it was in operation?

Mr. Slagle: Yes.

Commissioner Harlan: But it is not in operation at this time? Mr. Slagle: No. sir.

Commissioner Harlan: But the two mills at Clarks are still

1476 running?

Mr. Slagle: Yes.

Commissioner Harlan: And they belong to the Louisiana Central Lumber Company?

Mr. Slagle: They belong to the Louisiana Central Lumber Com-

pany.

Commissioner Harlan: When was the branch built that extends

easterly from Standard?

Mr. Slagle: By purchase, there was five miles of that line passed to the Louisiana Central Lumber Company, and in turn was transferred by this deed to the Ouachita & Northwestern Railroad Company, and it has been extended since approximately nine miles southeast.

Commissioner Harlan: Making a total mileage of about 13 miles

of main track.

Mr. Slagle: Well, nine miles from that, exclusive of the sidings

at Standard.

Commissioner Harlan: What is the total length of the main line from Standard?

Mr. Slagle: Nine miles approximately.

Commissioner Harlan: Now you have in connection with that a lot of tram roads?

Mr. Slagle: About five miles and a half in that division.

Commissioner Harlan: What is the capital stock author-

ized?

Mr. Slagle: \$600,000.

Commissioner Harlan: And what have you issued?

Mr. Slagle: \$303,000.

Commissioner Harlan: Have you any bonded indebtedness?

Mr. Slagle: No, sir.

Commissioner Harlan: What was the cost of the construction of those three branches, the original actual cost?

Mr. Slagle: About \$334,000 or \$335,000.

Commissioner Harlan: That was the actual cost of those three roads with the equipment?

Mr. Slagle: Yes.

Commissioner Harlan: And the capital was furnished by the

Louisiana Central Lumber Company?

Mr. Slagle: In this way. At the time of the incorporation a dividend was declared of \$303,000 payable in stock of the 1478 Ouachita & Northwestern, issued to each stockholder, their pro rata as a stockholder of the Ouachita & Northwestern, with one exception, there is Mr. J. P. Stubbs, our general attorney, holds one share.

Commissioner Harlan: With that exception the stock ownership

in the two enterprises is substantially the same?

Mr. Slagle: The individual stockholders are the same with that

one exception.

Commissioner Harlan: What is the total mileage now in operation?

Mr. Slagle: Including the spurs, or exclusive of the spurs?

Commissioner Harlan: Main line?

Mr. Slagle: About 29 miles.

Commissioner Harlan: And including the spurs? Mr. Slagle: About 50½ miles of track, 56 pound steel, with the exception of four miles, which is 40 pound, and that is part of the trams into the woods.

Commissioner Harlan: Is it ballasted? Mr. Slagle: Well ballasted with dirt only.

Commissioner Harlan: Standard gauge? Mr. Slagle: Exceptionally well ballasted, especially toward 1479

the northwest.

Commissioner Harlan: The gauge is standard gauge?

Mr. Slagle: Yes, sir.

Commissioner Harlan: How many locomotives?

Mr. Slagle: Seven locomotives.

Commissioner Harlan: And 149 freight cars?

Mr. Slagle: 146 freight cars—there are 150 altogether, of all kinds of cars.

Commissioner Harlan: What is that other car?

Mr. Slagle: I think a stock car.

Commissioner Harlan: What traffic do you move other than lum-

ber manufactured, and log lumber?

Mr. Slagle: You understand the road is new now. They are just taking out the first crop of the forest, but up to June 30th of this year we handled 412,205 tons, of which 1,661 tons was other than the Louisiana Central Lumber Company.

Commissioner Harlan: Can you give us some idea of the ton-

nage on that southeastern branch we have spoken of?

Mr. Slagle: That was taken up?

Commissioner Harlan: Yes, before it was taken up.

Mr. Slagle: It was mostly forest products excepting this mill that we served from one of the spurs, and we had an 1480 understanding that we would move their traffic until we took up that particular spur.

Commissioner Harlan: Well, you said you had some farms there?

Mr. Slagle: Yes, sir.

Commissioner Harlan: Any cotton?

Mr. Slagle: A few bales.

Commissioner Harlan: General merchandise and hay?

Mr. Slagle: Some merchandise out to what they call Copenhagen, about seven miles, and there was a hay farm from which we moved some hay into Clarks.

Commissioner Harlan: But it was small?

Mr. Slagle: Yes, sir.

Commissioner Harlan: But you have not had a full year's operation on the new line northwest—

Mr. Slagle: No.

Commissioner Harlan: Or the new line east from Standard?

Mr. Slagle: Yes, sir, they have been there since 1907.

Commissioner Harlan: That was what my question was. I am taking the railroad company as one investment, and I want to 1481 know what the total tonnage was last year on the two branches now in operation.

Mr. Slagle: 412,205 tons up to June 30th of this year.

Commissioner Harlan: Both branches?

Mr. Slagle: Yes, sir.

Commissioner Harlan: And of that some 1600 tons was outside traffic?

Mr. Slagle: Yes, sir.

Commissioner Harlan: What were your gross receipts?

Mr. Slagle: \$155,936.47.

Commissioner Harlan: And your operating expenses?

Mr. Slagle: \$131,793.79.

Commissioner Harlan: And your net?

Mr. Slagle: \$24,142.68.

Commissioner Harlan: And you had operated the western branch

how many months?

Mr. Slagle: We had operated up until January 1st, 1910, eight miles of it. The balance was constructed in 1910 up to a junction with the Tremont & Gulf Railroad, excepting the laying of steel. The ties had been assembled, and excepting the laying of steel on about four miles, which is now being laid at the rate of two miles a month.

1482 Commissioner Harlan: You are then connecting up with the Tremont & Gulf at the west end of the line?

Mr. Slagle: Yes, sir, and we have a surveying crew beyond that now. They are in the field now.

Commissioner Harlan: That is the line Mr. Seaman spoke of the other day?

Mr. Slagle: Yes, sir.

Commissioner Harlan: What is the total acreage owned by the Louisiana Central Lumber Company?

Mr. Slagle: Uncut, or since its purchase, or both?

Commissioner Harlan: Both?

Mr. Slagle: We have acquired in fee simple and by timber deed

approximately 235,000 acres, and there is uncut today, including the timber deed, approximately 180,000 acres.

Commissioner Harlan: Of that amount of timber land what part

lies west of the Iron Mountain?

Mr. Slagle: West of the Iron Mountain uncut, you mean?

Commissioner Harlan: Well, no, both.

Mr. Slagle: It want to explain that we have sold about practically 15,000 acres to a colonization company.

Commissioner Harlan: Is that east of the Iron Mountain? Mr. Slagle: That is east of the Iron Mountain where the track is taken up. Do you wish to include that now? Commissioner Harlan: Well, you had better let us know what you 1483

Explain your holdings?

Mr. Slagle: I should judge about 60,000 acres. Commissioner Harlan: East of the Iron Mountain?

Mr. Slagle: Yes, sir.

Commissioner Harlan: And of that about 15,000 acres have been sold recently?

Mr. Slagle: Yes, sir.

Commissioner Harlan: To some colonizing company?

Mr. Slagle: Yes, sir, and that leaves uncut there about 35,000 or 38,000 acres probably.

Commissioner Harlan: Is that colony an agricultural commu-

nity?

Mr. Slagle: That is the idea, yes, sir.

Commissioner Harlan: That is along the line of the original branch to the southeast?

Mr. Slagle: Yes, sir.

Commissioner Harlan: They are all farmers?

Mr. Slagle: Yes, sir, that is their idea, of adding to the settlers already there; it is an experiment, in fact.

Commissioner Harlan: Have they entered upon farms? 1484 Mr. Slagle: The deed has just passed about five or six months ago and they have not perfected their plans.

Commissioner Harlan: How far east of Clarks is that?

Mr. Slagle: Commencing four miles from Clarks, and it runs through townships 12, 11, 3 and 4 east.

Commissioner Harlan: How distant is the farthest part of the

track you have sold?

Mr. Slagle: About 14 miles from Clarks.

Commissioner Harlan: At that point does the land approach your branch from Standard?

Mr. Slagle: The uncut portion of the timber holdings.

Commissioner Harlan: But not the colony?

Mr. Slagle: Well, the uncut lands go up to where the timber has not been removed, but I should say it is about ten miles from the end of the track southeast from Standard.

Commissioner Harlan: Is this pine or hardwood, or both?

Mr. Slagle: Both.

Commissioner Harlan: Does pine predominate?

Mr. Slagle: Largely.

Commissioner Harlan: Are your mills pine mills?

1485 Mr. Slagle: We built one of the mills at Clarks with the idea of cutting hardwood, but for a time that idea has been abandoned, and it is now cutting pine, so all the mills at this time are cutting pine.

Commissioner Harlan: You have one mill at Standard or two?

Mr. Slagle: One mill.

Commissioner Harlan: So you are operating three mills. What is your total daily output on the average?

Mr. Slagle: In carloads, or feet? Commissioner Harlan: Well, feet?

Mr. Slagle: I should say about 325,000 feet; five bands and a gang is the equipment.

Commissioner Harlan: How many carloads approximately does

that make a day?

Mr. Slagle: I should say something like 20 cars.

Commissioner Harlan: Do you have any trackage rights over the

Iron Mountain between the mills?

Mr. Slagle: We had a contract with the Iron Mountain that expired November 27th, 1910, but an application has been made for its renewal and it will probably be renewed within the next 30 days.

1486 Commissioner Harlan: What use did you make of that?
Mr. Slagle: For the running of the trains of the Ouachita & Northwestern Railroad between Clarks and Standard at a per train mile basis of 50 cents per train mile.

Commissioner Harlan: Trains of logs? Mr. Slagle: And empties, either way.

Commissioner Harlan: What was the purpose of that, to use another mill when the other two were busy or pressed, or what?

Mr. Slagle: One idea was to connect up the two roads, and you will notice from the map there is a road under construction now connecting up the two tracks.

Commissioner Harlan: Did you make substantial use of this

trackage privilege?

Mr. Slagle: No great use of it; no, sir.

Commissioner Harlan: Did you haul over either of the branches now in operation or over the train connecting with the branches the logs of any other than the Louisiana Central Lumber Company?

Mr. Slagle: Some hickory logs have moved.

Commissioner Harlan: Do they come in over the tram line to the main line?

Mr. Slagle: They are there assembled, yes, sir, and cars are switched off to any of the spurs and loaded.

Commissioner Harlan: Have you such movements on both branches?

Mr. Slagle: Yes, sir.

Commissioner Harlan: And what do they amount to? Mr. Slagle: Very small amount up to the present time.

Commissioner Harlan: With that exception do you move lum-

ber for any one other than the Louisiana Central Lumber Com-

pany?

Mr. Slagle: As I explained a while ago, the Cruse Lumber Company southeast had a mill and we served them until that was taken up, probably two or three cars a week, and there are two mills now planned to locate on the line northwest between Clarks and the Tremont & Gulf Road. You understand that is a new road and they are just starting. The Pioneer Pole & Shaft Company.

Commissioner Harlan: Have they some lumber lands up there?

Mr. Slagle: They have some and they propose to buy from the
Louisiana & Central Lumber Company some hickory logs. Hickory

is their lumber.

Commissioner Harlan: Will that be the main source of their

supply?

Mr. Slagle: I should judge it would be about divided half and half.

Commissioner Harlan: Those mills are not in operation?

Mr. Slagle: No, we are just making the arrangements now for the location of them on our line.

Commissioner Harlan: With those exceptions do you now haul lumber or logs for anybody other than the Louisiana & Central

Lumber Company?

1489 Mr. Slagle: We are getting out a good many staves and stave bolts.

Commissioner Harlan: For outside interests?

Mr. Slagle: For outside interests.

Commissioner Harlan: And other lands not belonging to the Louisiana & Central Company?

Mr. Slagle: Not belonging to the Louisiana & Central Lumber

Company.

Commissioner Harlan: What is the extent of that movement?

Mr. Slagle: It is quite a lot since July of this year. Prior to that it was not a great amount. There seems to have been renewed activity starting in with beginning about mid-summer this year; five or six of them have gone in there with the idea of buying the unsold portions of the hard wood and working it into staves and stave bolts.

Commissioner Harlan: Are there any towns on either of these two

branches?

Mr. Slagle: The town of Chester, thirteen miles from Clarks northwest has been established and there is also a post office and some stores, two stores I believe have located there within the last six months.

1490 Commissioner Harlan: They are not company stores?

Mr. Slagle: They are not company stores. And the town of Newport, which is a post office, a mile and a half away as I believe, a mile and a half farther out; and we have a petition from the Jackson Parish officials in the Southern part of Jackson Parish asking us to extend our line to a point at Weston with the idea of locating the County Seat of Jackson Parish there. We told them we would put in our engineering force there and see the advisability of the con-

struction of that line and with the idea of either extending it beyond or to the Rock Island and we would let them know before they voted on the proposition in January. Outside of that I know of no industries likely to locate in the near future.

Commissioner Harlan: Taking the tonnage of all these outside industries and shippers, does it amount to as much as five per cent

of your whole tonnage?

Mr. Slagle: I don't think so. It is sixteen hundred and sixty-one tons up to July of this year.

Commissioner Harlan: That is less than one per cent?

Mr. Slagle: Yes. But the country is new and the timber will have to be first removed before it will be materially increased.

so that the country can settle up. That is our belief as to the 1491 improvements which will come to the earth, that the timber will first have to be removed.

Commissioner Harlan: Where is the general office of the road?

Mr. Slagle: Clarks, Louisiana.

Commissioner Harlan: Is it in one of the mills?

Mr. Slagle: It is in the general office of the lumber company. Commissioner Harlan: Are the officers of the railroad company substantially the officers of the lumber company?

Mr. Slagle: Practically so. There are some few variations.

Commissioner Harlan: Do they get salaries as officers of the railroad company?

Mr. Slagle: None, except myself.

Commissioner Harlan: How many clerks do you have in the office

of the railroad company or connected with its work?

Mr. Slagle: There are three of them looking after it, but they also work for the lumber company and are paid proportionately to the service rendered to either company, for economy.

1492 Commissioner Harlan: How many train and track crews?

Mr. Slagle: There are 60 or 70 all together.

Commissioner Harlan: They do not appear on the lumber company's accounts at all?

Mr. Slagle: No.

Commissioner Harlan: You operate the tram lines?

Mr. Slagle: Yes.

Commissioner Harlan: And you move them as may be required?

Mr. Slagle: Yes.

Commissioner Harlan: To what account do you charge the cost of

moving out of your tram line connections?

Mr. Slagle: For the purpose of not mixing up the accounts, the railroad company took all this property over, and by agreement with the lumber company they proposed to build these spurs and take them up and re-lay them and connect with with the main line of the Ouachita & Northwestern, for which they would charge a service of \$1.50 a thousand, log scale, on the logs, and we charge the spurs—a spur is taken up, as it will appear in the Commission's report.

Commissioner Harlan: Does it go to the expense of maintenance

of way and structures?

Mr. Slagle: No, it is a separate account, \$53,683.68 last 1493

Commissioner Harlan: Was any part of that for taking up your

southeast branch from Clarks?

Mr. Slagle: Yes, sir, part of that is in there.

Commissioner Harlan: What was the cost of that?

Mr. Slagle: Of course, it was not well constructed like our present line; it was about \$70,000 altogether, and last year about \$14,000 went into this \$53,000.

Commissioner Harlan: I am not sure that I understand that. My question is how much did it cost you to take up the southeast branch?

Mr. Slagle: Regardless of the period?

Commissioner Harlan: Yes, the operation of taking it up. It was all done at one time?

Mr. Slagle: No.

Commissioner Harlan: As one operation?

Mr. Slagle: No. You see we left some timber with which to operate on while we were taking it up, and we were probably two years taking up the entire 14 miles.

Commissioner Harlan: For this \$1.50 do you load the logs

1494 on the cars?

Mr. Slagle: No, the lumber company loads them. railroad company delivers the cars to the steam log loaders of the lumber company.

Commissioner Harlan: You do not participate in it at all?

Mr. Slagle: No.

Commissioner Harlan: You do no work of any kind for the lumber company?

Mr. Slagle: No.

Commissioner Harlan: Do they unload them in the pond? They deliver them in the pond. Mr. Slagle: They do. Commissioner Harlan: Then you have this transit privilege?

Mr. Slagle: Milling in transit.

Commissioner Harlan: And the lumber rate under the milling in transit rate commences with the junction of the tram line, between the tram line and your main line?

Mr. Slagle: Yes, sir, Oakland and Somerville are the two billing

Commissioner Harlan: Somerville is on the Standard Division?

Mr. Slagle: Yes.

Commissioner Harlan: And Oakland on the northwest

branch? 1495

Mr. Slagle: Yes.

Commissioner Harlan: Have you any particular market to which you send a greater volume than to another market, I refer now to the lumber company?

Mr. Slagle: Generally yard stock trade is where most of it goes.

Do you want to know the districts?

Commissioner Harlan: Yes.

Mr. Slagle: That will vary of course as the orders are delivered to

the lumber company; I should judge that Missouri, Kansas, Nebraska, Illinois, Indiana and Ohio get the bulk of it.

Commissioner Harlan: What division do you get to Illinois, for instance?

Mr. Slagle: From two to four cents. The State of Illinois?
Commissioner Harlan:

Mr. Slagle: I think it is four cents to Illinois. I am not sure about

Commissioner Harlan: Do you get any five cent divisions?

Mr. Slagle: No, sir.

Commissioner Harlan: We will come back to the Standard branch. Where is the mill of the Louisiana Central Lumber 1496 Company with relation to the Iron Mountain tracks?

Mr. Slagle: About half a mile.

Commissioner Harlan: Where is the planing mill?

Mr. Slagle: You mean the sawmill?

Commissioner Harlan: I meant the sawmill in my first question.

Mr. Slagle: It is about 3/8 of a mile, and the planing mill is a fraction over half a mile.

Commissioner Harlan: Is it reached by a spur track of the Iron

Mountain?

Mr. Slagle: No, no spur tracks or sidings of any description belonging to the Iron Mountain reach beyond their right of way.

Commissioner Harlan: Did they ever have a spur track?

Mr. Slagle: Never.

Commissioner Harlan: Is that true of the mill at Clarks?

Mr. Slagle: Both places.

Commissioner Harlan: They never had any spur track?

Mr. Slagle: No, sir.

Commissioner Harlan: What service do you understand you perform for these divisions? I know about the logs up to the

Mr. Slagle: The service performed is the milling in transit from points on their line to Clarks, where they are converted into lumber from the logs, and then the lumber is re-assembled and loaded and the railroad company receives from the Iron Mountain Road empties from the receiving track, and after they are loaded the Ouachita & Northwestern switches from the planing mill, weighs the lumber and delivers it to the rails of the Iron Mountain on their delivering tracks.

Commissioner Harlan: Where are your scales?

Mr. Slagle: One at Clarks and one at Standard, about half a mile from each station—a mile from Clarks and half a mile from Standard.

Commissioner Harlan: They are car scales, are they?

Mr. Slagle: Yes, sir, Fairbanks scales.

Commissioner Harlan: They weigh the lumber in the cars?

Mr. Slagle: Yes, sir.

Commissioner Harlan: Now how far is this interchange track from your sawmill?

Mr. Slagle: It is a little over a mile from Clarks and a little over half a mile from Standard.

Commissioner Harlan: Does the Louisiana Lumber Company ship

. timber out?

Mr. Slagle: Do you mean construction timbers? 1498 Commissioner Harlan: Yes, construction timbers. Mr. Slagle: There is a very small per cent of that class.

Commissioner Harlan: How about rough lumber, a small percentage of that?

Mr. Slagle: Yes, sir.

Commissioner Harlan: Most of it is dressed lumber?

Mr. Slagle: Yes, sir.

Commissioner Harlan: I would like to know how long you have been engaged either as a railroad man or as a lumber man down in this part of the country?

Mr. Slagle: About a little over nine years.

Commissioner Harlan: You know it pretty well, don't you?

Mr. Slagle: Well-Commissioner Harlan: You know the country pretty well?

Mr. Slagle: I have tried to observe.

Commissioner Harlan: Do you know any small mills carrying on a successful lumber business?

Mr. Slagle: This Cruse Lumber Company I am speaking of is still pulling to the Iron Mountain since we ceased to serve them.

Commissioner Harlan: Why did you cease to serve them? Mr. Slagle: Because they were located on one of our 1499 spurs which reached their mill, and it was agreed we would serve them so long as that spur was located there. I explained to them that it was not incorporated in the company.

Commissioner Harlan: Do you speak of a spur as what we call

tram or logging roads?

Mr. Slagle: No, it was a spur from the main line, and it was explained to them it would be mutually satisfactory after the timber was cut, as it was not an incorporated part of the line, to take it up. Commissioner Harlan: What do you mean by saying it was not

an incorporated part of the line?

Mr. Slagle: That is, the original charter reads from a point northwest from Clarks in the vicinity of Weston, that is the principal

Commissioner Harlan: You built a main line and then you built a spur connecting with it and you own the right of way and you own the rails and ties and you regard that as not being a part-

Mr. Slagle: It is a part, I did not mean to say it was not a part of the system, because the deeds passed in 1908 to the property, except the right of way southeast.

Commissioner Harlan: Apparently you do not regard it

as part of the incorporated road?

Mr. Slagle: Not part of the permanent location.

Commissioner Harlan: But that was a spur track connecting with vour main line?

Mr. Slagle. Yes, sir.

Commissioner Harlan: It was not a logging track connecting with your main line?

Mr. Slagle: Spur track connecting with the main line.

Commissioner Harlan: And you thought you could take it up any time you wished, whether this mill wanted you to or not?

Mr. Slagle: The reason I had the conference with them was to

see whether they would let us.

Commissioner Harlan: You were willing to respect their wishes, but you could have stood on your right to take it up?

Mr. Slagle: I believe we could.

Commissioner Harlan: And you did take it up, that southeastern branch?

Mr. Slagle: Yes.

Commissioner Harlan: And left there some farmers that 1501 you had been serving?

Mr. Slagle: Yes.

Commissioner Harlan: Now there is a colony of people going in there?

Mr. Slagle: We sold them some 15,000 acres and they had acquired by purchase 5,000 more, making 20,000 all together, which they proposed to settle up, a colonization scheme of some kind.

Commissioner Harlan: And that sale was made after you had

taken up the tracks?

Mr. Slagle: Yes, sir. They asked for the price on the lands, and we told them they would not be for sale until after we did take the road up.

Commissioner Harlan: Now the railroad company owned the right

of way?

Mr. Slagle: We did not, no, sir.

Commissioner Harlan: You did not own that right of way?

Mr. Slagle: No, sir.

Commissioner Harlan: It does own the right of way on the other two branches.

Mr. Slagle: Yes, sir.

1502 Commissioner Harlan: And it is your impression, is it, under the laws of the State of Louisiana, that if the right of way belongs to someone else the railroad can be removed?

Mr. Slagle: That is my impression. The owner of the land

can--

Commissioner Harlan: Can oust you, can eject you.

Mr. Slagle: Yes, sir. In this case there was an agreement or an understanding that they had permission to use those rights of way, but that was in the form of an agreement and not a deed.

Commissioner Harlan: It was understood in the form of a let-

ter?

Mr. Slagle: Yes, sir.

Commissioner Harlan: It was not even in the form of a lease?

Mr. Slagle: No.

Commissioner Harlan: It was simply that the railroad company was a tenant at will for a definite period?

Mr. Slagle: That southeast—

Commissioner Harlan: It was just a tenancy at will?

Mr. Slagle: They were given permission to enter upon the lands of the Louisiana Central Lumber Company for the 1503 purpose of serving them in removing this pine timber south-When I speak of southeast from Clarks, I do not speak of east.

Commissioner Harlan: Well, you were given that permission but there was some track there before the railroad company was char-

tered?

Mr. Slagle: Yes, sir.

Commissioner Harlan: But the railroad company extended that

track?

Mr. Slagle: No, sir; they began to take up coming back before that. Fourteen miles was originally constructed, and part of it had been taken up before the deed passed. This was treated the same as spur tracks leading from the main line now in all directions, under the \$1.50 contract with the Louisiana Central Lumber Company. that they lay the spurs and take them up for the purpose of assembling logs to the main line and finally reaching the mills of this company, and that construction southeast was regarded in the same way.

Commissioner Harlan: Well, you say it was regarded in the same light, but it was nevertheless operated by the railroad com-

pany?

Mr. Slagle: Yes, sir. 1504

Commissioner Harlan: And you got joint through rates on lumber from the eastern terminus on the main line where the tram roads joined them?

Mr. Slagle: Yes, sir. In 1906-

Commissioner Harlan: Wait a minute. Did you not get such divisions of joint through rates?

Mr. Slagle: Yes, sir,

Commissioner Harlan: So that the published rates in which your line was named as a party extended to the joining of that line to the junction with the tram lines?

Mr. Slagle: Yes, sir.

Commissioner Harlan: And you purported to carry lumber over it as a common carrier?

Mr. Slagle: Yes, sir.

Commissioner Harlan: And you did carry some outside stuff, very little for other people, as a common carrier?

Mr. Slagle: Yes, sir.

Commissioner Harlan: Under the published rates?

Mr. Slagle: Yes, sir.

Commissioner Harlan: And then you took the track up?

Mr. Slagle: Yes.

Commissioner Harlan: Now I asked you whether you were 1505 familiar with this country, and I understood you to say that you were.

Mr. Slagle: As far as my observation has gone. I do not know

just how familiar I may appear after putting the question.

Commissioner Harlan: I will put the question to you that I put

to other witnesses this morning, whether you know any one within good driving distance from your mills who is successfully conducting at this time a lumber business involving a wagon haul of the logs to the mill and a wagon haul of the lumber to a railroad track?

Mr. Slagle: Excepting the one that I spoke of, the Cruse Lumber

Company.

Commissioner Harlan: But that lumber company-

Mr. Slagle: Is still doing business.

Commissioner Harlan: Well, it got a good start on your line.

Mr. Slagle: It was operated before we reached them. Commissioner Harlan: Was—its wagon haul now? Mr. Slagle: About five miles to the town of Kelly?

Commissioner Harlan: What is its output?

1506 Mr. Slagle: Yellow pine principally, some of both. It is a small mill.

Commissioner Harlan: How long has it been operating there?
Mr. Slagle: I should judge since 1901 they have been operating around in that country, and their present location, they have been operating there, I should judge, about five or six years.

Commissioner Harlan: Was that on your Standard Branch or on

your southeast branch?

Mr. Slagle: On the southeast branch from Clarks. They originally located on what they call the Monroe Lumber Company's spur leading out from Spaulding, which was taken up years ago. After that spur was taken up, they moved to a point about five miles from Kelly where they had purchased some timber land, and were operating there when one of the spurs of the Ouachita & Northwestern reached their mill, and while that spur was located there we served them, shipping out two or three cars a week.

Commissioner Harlan: You say it is still in operation?

Mr. Slagle: Yes.

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Commissioner Harlan: What is its output, do you know?

Mr. Slagle: I should judge about two cars a week.

Commissioner Harlan: Do you understand it is a success-

ful enterprise and prosperous?

Mr. Slagle: I do not know as I could answer just how prosperous. They seem to be doing a little business there, have a little store and getting out this product and shipping it to the town of Kelly. Now they operate a farm in connection with this mill, and there are times when the mill crew put in a crop, so it is not an operation of the full 312 days of the year; I should judge about two-thirds of the time the mill runs.

Commissioner Harlan: It appears from your testimony that the railroad Company owned by the Louisiana Central Lumber Com-

pany is operating at a substantial profit yearly.

Mr. Slagle: About four and a half per cent.

Commissioner Harlan: Well, you had in 1909 net revenues from operation of \$69,000.

Mr. Slagle: No, sir.

Commissioner Harlan: What were they?

Mr. Slagle: About \$7,000 up to June 30th, 1900, was the accumulated surplus.

Commissioner Harlan: What was the accumulated surplus?

Mr. Slagle: About \$7,000.

1508 Commissioner Harlan: No. but in that year your earnings as shown by your reports were something in excess of \$130,000

Mr. Slagle: I think you have failed to take off the taking up of

the spurs.

Commissioner Harlan: Well, that is not a revenue from operation?

Mr. Slagle: No, I thought you said net operation.

Commissioner Harlan: No, I was talking about revenue from operation, \$131,000.

Mr. Slagle: Yes, sir.

Commissioner Harlan: And your expenses were \$68,000 and your net revenue as shown on your own report was \$62,000.

Mr. Slagle: From which you were to deduct the taking up of

the spurs.

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Commissioner Harlan: Well, you do not do that every year? Mr. Slagle: As they are taken up they are charged off each

Commissioner Harlan: I thought you referred to the southeast-

ern branch, the expense of taking that up?

Mr. Slagle: No.

Commissioner Harlan: Well, taking out that expense you had a substantial net?

Mr. Slagle: For the year ending June 30th, 1909, it was about \$4,000.

Commissioner Harlan: Well, you said four and one-half per cent. Mr. Slagle: Well, I was speaking of the year ending June 30th, 1910.

Commissioner Harlan: What is your operating ratio, do you remember, the ratio of operating expenses to revenue?

Mr. Slagle: The straight operating expenses, do you mean?

Commissioner Harlan: Have you not figured out an operating ratio?

Mr. Slagle: About 49 per cent, I think, of the regular operating expense.

Commissioner Harlan: This last year? Mr. Slagie: Yes, sir. I will tell you exactly.

Commissioner Harlan: Well, the ordinary percentage of a railroad is what, on the regular line?

Mr. Slagle: About 70, I understand.

Commissioner Harlan: Considering the fact that you are making four and a half per cent on your money, do you or do you not-I now refer to the lumber company, enjoy an advan-1510 tage, having a division, over the man who has to haul his

lumber and logs?

Mr. Slagle: It depends entirely on the timber back of the mill. In this particular case, let me illustrate what I mean by that. In this particular case nine years ago we saw this advantage as a lumber

company, a great tract of timber and undeveloped country between Clarks in a northwesterly direction to the Vicksburg, Shreveport & Pacific north, and a so-called tap line running from Ruston known as the Arkansas Southern, which is now part of the Rock Island. And I was sent into that country to look it over and I reported to my principal that there was an area of some 30 or 40 miles of undeveloped country, but it would require a large expenditure to develop it. The land would have first to be purchased and then developed by building up a main line railroad.

Commissioner Harlan: I follow all that and understand it all,"

but you have done all that.

Mr: Slagle: We bought the timber before we put the railroad in. Commissioner Harlan: Very well, you did that, and you have got everything now in running order. Now I put to you the in-

quiry as to whether at this moment this investment, and it is all one investment, does not give you an advantage over the small fellow, because you get this division of the through rate and he does not, and he has adopted wagons and you have adopted a railroad to get your stuff to the main line of the Iron

Mountain.

Mr. Slagle: I will answer that this way. To the party with the tract of timber on the main line of a railroad I would say we were not, nor would the Louisiana Central have an advantage over the individual located at a point on the Ouachita & Northwestern or any other tap line; but to the party located farther in the interior in an undeveloped country off the main line of a trunk line or socalled tap line, we would.

Commissioner Harlan: Well, you talk of a party located in the interior. Now his lumber is just where yours is, or we will assume

that it is.

Mr. Slagle: No, these particular lands have been developed by

building this main line through.

Commissioner Harlan: No, but he has a haul of his logs sometimes three or four miles. We have heard of cases here where there was a haul three or four miles, and I believe one case of five

miles to the mill, and then there was in one case a longer 1512 haul than that, I believe, of the lumber to the railroad. that that fellow is substantially circumstanced as you are.

Mr. Slagle: Except he has no investment. Commissioner Harlan: Yes, he has invested in horses and wagons, and you have invested in rails. You have adopted one method to get to the Iron Mountain and he has another. Now you get a division and he does not. I ask you as a practical man whether that does not give you an advantage over him in getting the lumber to the market?

Mr. Slagle: To the man located off the main line or tap line, it

Commissioner Harlan: Well, we are talking about that particular man who is located off of both.

Mr. Slagle: Yes, we would to that particular man.

Commissioner Harlan: You get divisions from what line?

Mr. Slagle: St. Louis, Iron Mountain & Southern.

Commissioner Harlan: You do not reach any other line?

Mr. Slagle: It will be very few months until we have arrangements in with other lines.

Commissioner Harlan: The Tremont & Gulf?

Mr. Slagle: The Tremont & Gulf, and probably-

Commissioner Harlan: Have you some understanding with 1513 them about divisions?

Mr. Slagle: We have had a conference, but no definite understanding has been reached, excepting when we are ready to operate that the traffic departments of both companies will get together and work out a tariff satisfactory to both for that arrangement.

Mr. Riddell: Does the Ouachita and Northwestern concur in joint

tariffs issued by the Iron Mountain?

Mr. Slagle: They do.

Mr. Riddell: And does it issue its own interstate tariffs to cover shipments for which there are no joint rates?

Mr. Slagle: They do.

Mr. Riddell: Does it make all the reports to the Federal and State Commissions that are required of it?

Mr. Slagle: They do.

Mr. Riddell: Who makes the waybills for the lumber that moves from points on the Ouachita & Northwestern covered by the joint rates?

Mr. Slagle: The agent of the Ouachita & Northwestern.

Mr. Riddell: And who issues the bills of lading for that lumber that is moving on joint through rates, that moves on through waybills? 1514

Mr. Slagle: The Ouachita & Northwestern signs the bill of

lading issued by the lumber company.

Mr. Riddell: It might be made out by the lumber company, but it is issued by the railroad?

Mr. Slagle: They are signed by the Ouachita & Northwestern.

Mr. Riddell: That is what I wanted to know. Is the Ouachita & Northwestern recognized by the Louisiana Railroad Commission as a common carrier?

Mr. Slagle: It is.

Mr. Riddell: Does the Ouachita & Northwestern receive in the shape of divisions from the Iron Mountain anything in excess of the original divisions?

Mr. Slagle: It does not.

Mr. Riddell: As a matter of fact in the case of tonnage for Colorado common points it gets less, does it not? Did it not some years ago and for perhaps a short period have an arrangement which contemplated an allowance to it of five cents?

Mr. Slagle: Yes, sir.

Mr. Riddell: hat is no longer effective, is it?

Mr. Slagle: No, sir. 1515

Mr. Riddell: You spoke about an extension of the line to its intersection with the Tremont & Gulf, to Jonesboro, I believe, or perhaps to Winnfield, through a trackage arrangement with the Tremont & Gulf. What consideration would prompt that extension?

Mr. Slagle: Do you mean to the Rock Island?

Mr. Riddell: No, the extension that you spoke about being in contemplation to Jonesboro or to a connection with the Rock Island

at Winnfield through the Tremont & Gulf.

Mr. Slagle: There were two reasons. One to secure additional terminal facilities with other roads, and the survey we under way is due to a petition from the Parish of Jackson, with the idea of extending our line to the Rock Island and locating the Parish seat thereupon and we have not decided as yet whether we will negotiate for trackage right over the Tremont & Gulf into Winnfield or extend our line to the Rock Island, but either one will probably be carried out.

Mr. Riddell: Were you influenced by a desire to make more

tonnage tributary to the Ouachita & Northwestern?

Mr. Slagle: Yes, sir.

Mr. Riddell: And to enable you to secure a better car supply with which to accommodate the traffic which you originated?

Mr. Slagle: Yes, sir. And another idea, that after the timber is removed we consider that there is a vast country through which the road would pass that when settled up would make it a good permanent line.

Mr. Riddell: Is the country along this line of yours which runs from Clarks northwest, of a character which would make it suitable

for agricultural purposes?

Mr. Slagle: Yes, sir; it is largely short leaf, which carries a good

soil.

Mr. Riddell: Do you feel justified in the belief that it is sufficiently good for agricultural purposes so that that country would be calculated to support a railroad after the timber was cut out?

Mr. Slagle: We feel positive that that will be the case.

Mr. Riddell: Who owns the rails of the Ouachita & Northwestern Railroad?

Mr. Slagle: The Ouachita & Northwestern Railroad Company.

Mr. Riddell: They were acquired by ordinary purchase, were they, I suppose?

Mr. Slagle: Purchased by deed from the lumber company

1517 in 1908.

Mr. Riddell: You were asked as to whether a lumber company operating under the conditions that environ the Louisiana Central would enjoy an advantage over some smaller lumber man who was compelled to haul his logs into his mill by team. Do you know whether or not it is a fact that these larger lumber operators whose operations are supplemented by these incorporated so-called tap lines have also to haul their logs into the points where they are loaded on to the cars?

Mr. Slagle: We are compelled to, yes, sir.

Mr. Riddell: You do not know how much of an average distance that is, and how it compares with the distance over which the man operating without a tap line has to haul his logs, do you?

Mr. Slagle: To any spur extended by the Ouachita & Northwestern at or near any land not owned or already acquired, they would have a right to also cut that timber to be transported to some point on our line for the purpose of manufacture the same as we would serve the Louisiana Central Lumber Company.

Mr. Riddell: I think you misunderstood my question. The small operator, if we may term him such, who is not served by

1518 a tap line, and who has to log his mill through the medium of teams, has to haul those logs a certain average distance, and a large operator whose efforts are supplemented by the tap line has also to haul his logs up to the points where they are loaded on the logging cars?

Mr. Slagle: Yes, sir.

Mr. Riddell: I wanted to know if you could say as to how the wagon haul in the one instance compared with the wagon haul in the other. Do you know which one hauls it the greater distance?

Mr. Slagle: The average distance for the lumber company 1 think is about a mile and a half. Two miles would be the maximum haul, while the small operator runs as a rule from the tree out from his mill four, five or six miles.

Mr. Riddell: He hauls it further on an average?

Mr. Slagle: Yes, sir.

Mr. Riddell: But still both of them have a haul by wagon?

Mr. Slagle: Yes, sir. Mr. Riddell: That is all.

Mr. Cowan: You spoke about the agricultural possibilities of all this country over lere, and we have heard a great many other

witnesses tell about it, and I find when you build a line out
there when the lumber is taken out the line is taken out.
Why did you not leave it there, if this is such an agricultural country?

Mr. Slagle: I spoke of the northwest branch.

Mr. Cowan: What about the other?

Mr. Slagle: We think that is all right, and I would not be surprised if it was not put down again to cut out the hardwood. The hardwood is still there, a large part of it.

Mr. Cowan: You are general manager of the lumber company?

Mr. Slagle: Yes, sir.

Mr. Cowan: And of the railroad company?

Mr. Slagle: Yes, sir.

Mr. Cowan: You were acting as general manager of which when you determined to take out this line which was in this good agricultural country where you sold 20,000 acres? Were you acting as general manager of the lumber company or as general manager of the railroad company when you decided to take it up?

Mr. Slagle: The arrangements were that the spurs would be built upon the lands of the lumber company to enable them to remove the pine, after which they would have a right to take up

the spurs and move them to other locations, and this tram southeast did not have the same permanent construction as the lines southeast from Standard or northwest from Clarks now have. In fact probably twice as much money per mile has

been spent.

Commissioner Harlan: He asked a little different question. He wants to know whether Mr. Slagle of the lumber company told Mr. Slagle of the railroad company to clear out.

Mr. Cowan: Who decided to take that up?

Mr. Slagle: The railroad company decided to take it up after it had performed the service of removing the pine and there was no other traffic offered.

Mr. Cowan: That is just my point. According to your present statement, if you did not have the pine on the other line you would have the traffic, enough to operate a railroad?

Mr. Slagle: It has not been developed yet as to its agricultural

possibilities.

Mr. Cowan: As a matter of fact is not all this talk about these roads having traffic to support them when the lumber is gone just simply talk, there is nothing else to it.

Mr. Slagle: No, I do not believe it is.

Mr. Cowan: I certainly do, if you ask me the question.

Mr. Slagle: I do not.

Mr. Cowan: Here is the Tremont & Gulf going to extend its line to develop agricultural traffic, and you are going to extend your line. How are these railroads to be supported by an agricultural country which does not produce anything hardly?

Mr. Slagle: I think if you will examine the map, you will find we have the advantage of not being so close to some other tracks

which you speak of.

Mr. Cowan: If you go across the territory occupied by the Tre-

mont & Gulf you would be pretty close to it.

Mr. Garwood: I suggest to counsel if he wants an answer to that question he ought to go into West Texas somewhere, where they are not building roads.

Mr. Cowan: Now when you did have the opportunity to leave a railroad down for the purpose of agricultural development either Mr. Slagle as general manager of the lumber company or of the rail-

road company decided to tke it up.

Mr. Slagle: There was not the opportunity for a terminal southeast from Clarks as we would have northwest from Clarks, and the purchase of the property at Standard would enable the Ouachita & Northwestern Railroad Company to extend their line southeast from

Standard and reach a part of the same line and in that way
we could serve a large part of the people on this line that

is taken up.

Mr. Cowan: Now when you were operating this line that you did take up the Louisiana Railroad Commission recognized you as a railroad just the same as they do with the others, did they not?

Mr. Slagle: You misunderstand it. A part of our line northwest has been graded since 1906, and that was the part that we have developed, and then the line southeast from Standard is being extended to develop this same country that has been abandoned on the southeast line from Clarks.

Mr. Cowan: Well, but then you escape my question. When you did operate it, the Louisiana Railroad Commission recognized it as a railroad, and you got divisions of the rates, and so on, is that right?

Mr. Slagle: We got a division of the rates, but we also had this

line constructed northwest.

Mr. Cowan: I know, but you might answer the question as to whether the Louisiana Railroad Commission recognized it as a railroad?

Mr. Slagle: They recognized the whole system. We had five

miles constructed north from Clarks.

Mr. Cowan: Did they recognize that which you took up, 1523 as a railroad, that is subject to a perfectly plain answer yes or no.

Mr. Slagle: I think they did.

Mr. Cowan: Now then, of what importance is it that the Louisiana Commission recognizes a railroad as a railroad, when you can go and take it up the next day, as you did in that case?

Mr. Slagle: We considered that that was not the permanent line. Mr. Cowan: Did you talk with the Louisiana Commission about

it before you took it up?

Mr. Slagle: No.

Mr. Cowan: In other words, you had a railroad out there where you were operating as common carrier, getting divisions of rates, and when you concluded to take it up you simply took it up.

Mr. Slagle: The charter does not provide for that being a per-

manent line.

Mr. Cowan: Does your charter in the other case provide for its being a permanent line? Mr. Slagle: Yes.

Mr. Cowan: Is there any difference in the wording of the 1524 charter?

Mr. Slagle: Which line do you refer to?

Mr. Cowan: Well, the ones you were talking about. I am referring to the ones you are referring to.

Mr. Slagle: Yes.

Mr. Cowan: Now what is the difference in the charter in the one you built that you took up, and the charter of the one that you have reference to that you have not taken up?

Mr. Slagle: It specifies the country through which it is to be

built.

Commissioner Harlan: I suggest that you pass to some other point. Mr. Cowan: I believe you said awhile ago that the country cannot develop as a farming country until the timber is cut off?

Mr. Slagle: No, sir, not to its full capacity.

Mr. Cowan: We all know you have to clear land in order to cultivate it and you cannot do that until the timber is taken off Until that is done there are no agricultural products to be hauled are there?

Mr. Slagle: There are some.

Mr. Cowan: Well, very small. 1525 Mr. Slagle: On the contrary, about 15 per cent, I should judge, throughout the territory we are going now, and as the timber is removed that will increase.

Mr. Cowan: The railroad is building in there for the purpose of handling timber, of course.

Mr. Slagle: Primarily so.

Mr. Cowan: And the capital was advanced by the people who bought the timber lands both for the purpose of building the rail-road and establishing the sawmill industry?

Mr. Slagle: Yes.

Mr. Cowan: And the one could not have been established without the other, it could not have been supported without the other?

Mr. Slagle: Not on the first, no, sir.

Mr. Cowan: Up to this time.

Mr. Slagle: Up to this time. We have faith in the future of that country and believe that after that is done it will develop into a good country.

Mr. Cowan: Yes, but it was not the faith in the future of the farming part of it that led the people who invested in the timber lands, and in the sawmill industry and in the railroad to make the investment. They did it on account of the tim-

ber.

Mr. Slagle: It encouraged us to make a better line than would otherwise be constructed if it was for the purpose of removing the

timber only.

Mr. Cowan: In regard to the bills of lading, I wish to ask you as a man of undoubtedly wide experience, if it is not a fact that all these sawmills of any importance make out their own bills of lading and take them over to the railroad agent to sign them?

Mr. Slagle: That is the custom with both trunk lines and tap

lines.

Mr. Cowan: It does not matter if a man is getting a division of rates or not, he does it?

Mr. Slagle: Every shipper is required to do that.
Mr. Cowan: Whether he is getting a division or not?

Mr. Slagle: Yes, sir, that is the law, I believe.

Mr. Cowan: When did the five cent division cease? You spoke about having a five cent division at one time. When did that cease? Mr. Slagle: I think in 1903. The records will show.

Mr. Cowan: And why was that?

1527 Mr. Slagle: I believe they advanced the argument that the divisions to Colorado points would not justify a larger division than the Mississippi and Missouri River crossings.

Mr. Cowan: What was the division which you received prior to

1908?

Mr. Slagle: Two to four cents.

Mr. Cowan: Do you know of any lumber companies in the country which are operating where they log the mill by a railroad who do not receive divisions of rates?

Mr. Slagle: That is a pretty big question. I would have to ex-

amine into the matter-

Mr. Cowan: I just asked you if you knew of any?

Mr. Slagle: No, I do not know of any.

Mr. Cowan: Do you ship your lumber and sell lumber to Texas?

Mr. Slagle: No. Mr. Cowan: Why?

Mr. Slagle: We have no joint through rates to Texas.

Mr. Cowan: Do you ship to Oklahoma?

Mr. Slagle: Yes.

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Mr. Cowan: And your division there is what? Four cents?

Mr. Slagle: Four cents.

Mr. Cowan: And to Kansas?

Mr. Slagle: Four cents. Mr. Cowan: And then to the Missouri River territory you get four cents in all that territory which the Iron Mountain reaches?

Mr. Slagle: With a few exceptions.

Mr. Cowan: Mainly your divisions, I assume, are four cents? Mr. Slagle: I do not know how it would figure out, but largely four cents.

Mr. Cowan: Do you sell railway supplies, materials?

Mr. Slagle: We sell some. A large part of it is yard stock trade,

of the lumber company.

Mr. Cowan: When you come to sell your products on the market at various places, you meet competition of lumber that is produced in the yellow pine district everywhere?

Mr. Slagle: The lumber of the Louisiana Central Lumber Com-

pany is sold by the sales department in Kansas City and-

Mr. Cowan: That is one thing I wanted to ask you about. relation has the Louisiana Central Lumber Company to the Missouri

Land & Exchange-Mr. Riddell: The Missouri Lumber & Land Exchange?

Mr. Cowan: Yes.

Mr. Slagle: They are our sales agents.

Mr. Cowan: Are they exclusive sales agents?
Mr. Slagle: Yes, sir, excepting that we have the privilege of selling any one that should come to the mill.

Mr. Cowan: What other companies are operating through this

Missouri Land & Lumber Exchange Company? Mr. Slagle: What other lumber companies?

Mr. Cowan: Yes.

Mr. Slagle: The Louisiana Central Lumber Company, the Louisiana Long Leaf Lumber Company, and the Missouri Lumber & Mining Company, and the Ozark Land & Lumber Company.

Mr. Cowan: What are the relation- of these companies to the

owners of your company that you have been testifying about.

Mr. Slagle: What are their relations?

Mr. Cowan: Yes.
Mr. Slagle: The corporate existence of each is separate, but some of the principal stockholders are the same in the majority of them, although the majority of the largest stockholders in one company are not interested in the other.

Mr. Cowan: There is a community of interests so far as the interest of one company being the interest of the other 1530 in the matter of the sale and disposition of the product?

Mr. Slagle: I think not, excepting that the president of some of

these companies stands well with the others, and that their confidence there forms this community of interests. But you take the Missouri Company, for instance, the people that own half the interest in the Missouri Company own not a dollar of stock in the Louisiana Long Leaf Lumber Company, and it is more by a mutual arrangement rather than by ownership arrangement.

Mr. Cowan: I assumed it probably incorrectly because they had the common agent for the sale of their output, and I assumed, of

course, there was some common ownership.

Mr. Slagle: It is an economical arrangement as a matter of fact.

and that is what prompted it more than anything else.

Mr. Cowan: At all events the relations are such that they do not want to compete with one another or they would not employ a common agent.

Mr. Slagle: It does not take so many salesmen. You take several companies which join together instead of each having a salesman

for the same territory they have but one.

1531 Mr. Cowan: Does not the fact that you get a division out of this rate give you an advantage in the market selling lumber over a man that is put to the same expense you are to log his

mill, who does not get a division?

Mr. Slagle: I do not think they pay any attention to it. That is, they meet competition, and the market is such that they get what they can for the lumber. Whether the salesmen know anything about the railroad I don't know.

Mr. Cowan: Now these companies that you mentioned are operating in Louisiana, the ones which have the common agent at Kansas

City.

Mr. Slagle: No, sir, two of them in Louisiana.

Mr. Cowan: Which ones are those?

Mr. Slagle: The Louisiana Long Leaf Lumber Company and Louisiana Central Lumber Company.

Mr. Cowan: Where do the others operate?
Mr. Slagle: The Missouri Lumber & Mining Company, and the Ozark Land & Lumber Company operate in Missouri.

Mr. Cowan: They do not handle pine, of course?

Mr. Slagle: Yes.

Mr. Cowan: Is their pine in Missouri?

Mr. Slagle: Yes, sir.

1532 Mr. Cowan: I am just so ignorant about it I don't know

Mr. Slagle: There is the best kind of pine up in Missouri. Mr. Riddell: There is not very much of it left though.

Mr. Cowan: Each of them operate their mill by a railroad in somewhat similar fashion to what you do.

Mr. Slagle: I think not. I think the Ozark Land & Lumber Company, I do not know whether Mr. Riddell could answer that ques-I do not know whether they have a railroad or not.

Mr. Riddell: They have an incorporated railroad, yes, sir.

Mr. Cowan: Don't they get any divisions?

Mr. Riddell: No.

Mr. Cowan: That is the only one we have been able to hear of. Do the ones you operate in Louisiana have a railroad somewhat similar to yours?

Mr. Slagle: Yes, sir, I believe the one in Louisiana connects from

the Kansas City Southern to the T. & P.

Mr. Riddell: The others will go on here. The railroad that serves the Louisiana Long Leaf Company is before the

1533 Commission.

Mr. Cowan: I did not know that, and I was just inquiring at

Commissioner Harlan: Does your line exchange free transporta-

tion as other tap lines do?

Mr. Slagle: Yes, sir.

Commissioner Harlan: It is used by the officers of the railroad company?

Mr. Slagle: Yes, sir. Commissioner Harlan: And some of these officers are officers of the lumber company?

Mr. Slagle: Yes, sir.

Commissioner Harlan: Where is Grandin, on the southeast?

Mr. Slagle: Grandid, Missouri, is located on the branch of the Frisco running out from Willow Springs, Missouri, about 80 miles.

Mr. Riddell: I think that is a matter which may come up in connection with the Salem, Winona & Southern. It was formerly a mill point, but it is not to-day.

Mr. Cowan: Is it not a fact that the general sales agent of this Missouri Lumber & Land Exchange controls the salesmen who make the prices for lumber that is sold by all the com-1534

panies belonging to that Exchange?

Mr. Slagle: Each company has the right to return any and all orders that do not suit them.

Mr. Cowan: But it all comes through this general sales agent?

Mr. Slagle: Most of it does.

Mr. Cowan: Now it appears from a statement made to the Commission that the traffic that was supplied by the controlling interest of the Ouachita & Northwestern Railroad was \$125,000 in the year 1909, and other traffic \$6,125, making a total revenue of \$131,000, operating expenses \$68,000 in round figures, and net revenue \$63,000. Do those figures conform to your recollection?

Mr. Slagle: Excepting that you want to deduct for the spurs

taken up. Commissioner Harlan: We have been over those figures?

Mr. Cowan: I thought so.

Mr. Riddell: You expressed the belief that the country through which this line leading northwest from Clarks is operating, is of a character that will probably support a railroad after the timber is cut out. 1535

Mr. Slagle: Yes. Mr. Riddle: How long will it be before the timber is cut out?

Mr. Slagle: From one year to 25 years.

Mr. Riddell: You did not think when you offered that opinion

that that country would support a railroad if the lumber were all cut out in six months or a year, did you?

Mr. Slagle: I did not. It would be a gradual development.

Mr. Riddell: Before the timber is all cut down you believe it will support a railroad?

Mr. Slagle: Before the first crop of timber has been removed there will have sprung up sufficient agricultural districts to keep the rail-

road going after it loses that revenue.

Mr. Riddell: I want to go back to the divisions for a moment. Was any consideration given to the matter of divisions that would be allowed to a railroad of the character of the Ouachita & Northwestern before the timber holdings of the Louisiana Central were purchased?

Mr. Slagle: Yes, sir.

Mr. Riddell: Were you given to understand by the Iron 1536 Mountain people that such division allowances would be made? I do not care for the detail.

Mr. Slagle: I was sent south by our people-

Mr. Riddell: No, you had better answer the question whether you were given to understand that?

Mr. Slagle: Yes.

Mr. Riddell: You were given to understand that?

Mr. Slagle: Yes.

Mr. Riddell: Did the knowledge of that fact influence the purchase of the property?

Mr. Slagle: The purchase of the timber?

Mr. Riddell: Yes.

Mr. Slagle: Yes. They are from one mile to about 35 miles away from the Iron Mountain.

Mr. Riddell: You know that the building of this road would be necessary in order to develop that timber?

Mr. Slagle: Yes, it was so far away from the Iron Mountain.

Mr. Riddell: And you would not have purchased it if you had not been assured that that railroad would be accorded adequate divisions or in line with what others were getting?

Mr. Slagle: No, sir, we had better opportunities to buy 1537 timber on the tracks rather than to buy so far away at that

time.

Mr. Riddell: You would have bought elsewhere but for the knowledge of that fact?

Mr. Slagle: Yes, sir.

Mr. Garwood: From what branch of your line is the extension which is to connect with the Tremont & Gulf constructed, the Northwestern, or—

Mr. Slagle: Northwest branch from Clarks.

Mr. Garwood: Are you building on directly from Clarks or from

Mr. Slagle: Direct from Clarks. The line has all been graded to the Tremont & Gulf and finished in September, and ties laid.

Mr. Garwood: How far is it out there?

Mr. Slagle: 241/2 miles.

Mr. Garwood: You spoke of a short line from the Vicksburg. Shreveport & Pacific, from Houston southward-

Mr. Slagle: Ruston.

Mr. Garwood: Or Ruston. That subsequently became a part of the Rock Island?

Mr. Slagle: Yes, sir.

Mr. Garwood: What was the name of that line? 1538

Mr. Slagle: The Arkansas Southern.

Mr. Garwood: Was Ruston one of the termini of that line?

Mr. Slagle: No, north of that.

Mr. Garwood: About how long was that line?

Mr. Slagle: It ran from a point north of Ruston to Winnfield. Some lumber company built it down there.

Mr. Garwood: It was built by a lumber company?

Mr. Slagle: Yes, sir.

Mr. Garwood: It is not a part of the Rock Island System?

Mr. Slagle: It is not a part of the Rock Island System, ves. sr. Mr. Garwood: Are you familiar with the several steps by which the Louisiana & Arkansas Railroad expanded into one of the large and prosperous lines of Louisiana?

Mr. Slagle: Yes, sir.

Mr. Garwood: Was not that built originally as short line lumber roads and gradually became connected up into a long and prosperous

Mr. Slagle: Yes, sir, and that encouraged us to believe that we

could do something of the same kind.

Mr. Garwood: Is not that process of development now going on all over the State of Louisiana?

Mr. Slagle: Yes.

1539 Mr. Garwood: Counsel seemed to have the theory that the railroad should not build into the country until it was fully developed. I will ask you if it is not the boast of the railways that they have developed the country, rather than that the country developed the railroads?

Mr. Slagle: Yes, sir.

Mr. Garwood: Are you familiar with the fact that the system of the Gulf, Colorado & Santa Fe in East Texas, which has expanded into a large and prosperous line, and thence has crossed over into Louisiana was made up of lumber roads, small railroads built by one of our lumber kings in Texas?

Mr. Slagle: That is my understanding. I was over part of that

line two years ago.

Mr. Cowan: Did he build that while he was a lumber king or before? Did he not before he ever went into the lumber business? You know that the general impression is that he built it as a lumberman and sold it to the Santa Fe, but the fact is he built it before he ever went into the lumber business.

Mr. Garwood: I did not say when he built it, but the fact is he did build it and they were short lines and they were weldest into a railroad which now penetrates a rich lumber coun-1540

try.

Mr. Slagle: That is my understanding.

Mr. Garwood: And is doing much, both for the development of Texas and Louisiana.

Mr. Slagle: Yes, sir.

Mr. Garwood: That is all.

Mr. Cowan: Just one question about the returning of these orders from the general sales agent. You say each company has the right to refuse the orders that the general sales agent may turn in?

Mr. Slagle: Yes, sir.

Mr. Cowan: Is that other than the right which all lumber companies have to refuse them if they do not have the stuff to fill them?

Mr. Slagle: Well, the Missouri Lumber & Land Exchange Company in that case would have to go on the market and buy the lumber if they could not get any of the mills to fill it.

Mr. Cowan: But he is the agent, and when he makes the sale

you recognize that, if you have the stuff to fill it?

Mr. Slagle: If we could fill the order conveniently without loss to the Louisiana Central Lumber Company, we would accept it, otherwise we would return it.

Mr. Cowan: You would not have an agent up there to go out and make sales and turn them down if you had the lumber to fill them?

Mr. Slagle: If he made a mistake we would return it.

Mr. Cowan: Who fixes the price, he or your company?
Mr. Slagle: As a matter of fact I think the retail dealer has been fixing it.

Mr. Cowan: And that is the price, including the freight rate?

Mr. Slagle: I do not think that enters into it. He just gets his orders, and you will have to do the best you can and if you make a loss you will have to stand it.

(Witness excused.)

Commissioner Harlan: The Woodworth & Louisiana Central and the other two roads. How many witnesses have you?

Mr. Thurmond: Five or six.

Commissioner Harlan: Have them all stand and be sworn.

1542 (Thereupon the several witnesses were duly sworn.)
Mr. Thurmond: I would like to have the Louisiana & Pacific called first.

1543

Louisiana & Pacific Railway.

DAVID MCLEAN, was called as a witness, having been duly sworn, testified as follows:

Commissioner Harlan: Where do you live?

Mr. McLean: De Ridder, Louisiana.

Commissioner Harlan: What is your position?

Mr. McLean: I am Auditor for the Louisiana & Pacific Railway.

Commissioner Harlan: How long have you been connected with that road in that or any other capacity?

Mr. McLean: Three years.

Commissioner Harlan: When was it organized and chartered as a railroad company?

Mr. McLean: In 1906.

Commissioner Harlan: When was the road built?

Mr. McLean: Your Honor, I am not familiar with all of that detail. It was-

Mr. Thurmond: It was constructed during the year 1906.

Commissioner Harlan: Was it completed before the railroad company was organized and chartered?

Mr. Thurmond: No, sir, it was completed-Commissioner Harlan: By the railroad company? 1544

Mr. Thurmond: Yes, sir. There is a history of that we can give by another witness if your Honor desires.

Commissioner Harlan: Well, was any part of the railroad built by

the lumber company?

Mr. Thurmond: This railroad was made up by connecting tozether three lumber railroads.

Commissioner Harlan: Then belonging to lumber companies?

Mr. Thurmond: Then belonging to lumber companies.

Commissioner Harlan: And unorganized and not chartered as railroad companies?

Mr. Thurmond: Yes, they had charters from the state, I believe, at that time. One of them perhaps did not, but this particular road, the Louisiana & Pacific originally was a lumber road.

Commissioner Harlan: What is the principal terminus of the

Louisiana & Pacific?

Mr. McLean: De Ridder, Louisiana, and Lake Charles, Louisiana. Commissioner Harlan: What is that distance?

Mr. McLean: 43 miles. Mr. Thurmond: Would your Honor care for this map 1545 (producing map)?

Commissioner Harlan: Let it be marked as an exhibit.

(The map so offered and identified, was received in evidence and thereupon marked Louisiana & Pacific Railway Company Exhibit No. 1, Witness McLean, received in evidence December 13th, 1910, and is attached hereto.)

Commissioner Harlan: Let us know the character of the roadbed and what rail is used?

Mr. McLean: That is 60 pound rail used over the most of the line.

Commissioner Harlan: What sort of roadbed, is it ballasted? Mr. McLean: It is a dirt roadbed.

Commissioner Harlan: What is the authorized capital?

Mr. McLean: The capital stock is \$50,000.

Commissioner Harlan: How much has been issued?

Mr. McLean: All of it.

Commissioner Harlan: Any bonded indebtedness?

Mr. McLean: Yes, sir, \$600,000, of which \$582,200 has been issued?

Commissioner Harlan: Covered by mortgage on the property?

McLean: Yes, sir, first mortgage bonds.

1546 Commissioner Harlan: What per cent of interest?

Mr. McLean: Six per cent.

Commissioner Harlan: What property does it cover besides the railroad?

Mr. McLean: Just the roadbed and equipment.

Commissioner Harlan: What do you understand to have been the cost to the present company of the road and equipment?

Mr. McLean: To June 30th, 1910, \$607,000.

Commissioner Harlan: What is that rate per mile of road?

Mr. McLean: I could not say right now.

Commissioner Harlan: We can work that out.

Mr. Thurmond: It would be 65 into that amount he gave.

Commissioner Harlan: Will some one do that sum? I would like to know what it is. You are an auditor. Will you work that out? Mr. McLean: That would be approximately \$8,900 per mile.

Commissioner Harlan: Now does your company own all the right of way from De Ridder to Lake Charles?

Mr. McLean: No, sir. They have trackage rights.

Commissioner Harlan: What mileage then have you used in this last calculation, the mileage that you own, or the mileage that you own and lease?

1547 Mr. McLean: I have used the mileage that we own and lease. That would be 69.8 miles.

Commissioner Harlan: Now what mileage do you own and what do you lease?

Mr. McLean: We lease 42.3 miles.

Commissioner Harlan: Suppose you take the balance and then tell us what your capital is per mile of road owned. Well, we will do that sum ourselves. Why did you take the mileage leased?

Mr. McLean: I just happened to take the mileage the gentleman

gave me. I overlooked the fact.

Mr. Thurmond: It was suggested from here. Your Honor, we

have that mileage divided up here.

Commissioner Harlan: Just tell us what the company owns and between what points. Start at De Ridder. Do you own a station at De Ridder?

Mr. McLean: No.

Commissioner Harlan: Do you lease a station there?

Mr. McLean: Yes, sir. That is covered by our lease, the use of it.

Commissioner Harlan: At what point south of De Ridder
1548 do you commence to own any tracks?

Mr. McLean: At a point a little less than a mile south of

De Ridder.

Commissioner Harlan: Is that called De Ridder Junction?

Mr. McLean: That is called De Ridder Junction. From there to Bundick, La.

Commissioner Harlan: What is that mileage?

Mr. McLean: Eight miles.

Commissioner Harlan: What is the character of the rail on that track?

Mr. McLean: That is all 60 pound rail.

Commissioner Harlan: And is it rock ballasted?

Mr. McLean: No, sir, dirt.

Commissioner Harlan: From De Ridder Junction to the south to Bonami do you own any track?

Mr. McLean: No, sir.

Commissioner Harlan: What is the point at which you commence o own track?

Mr. McLean: At Lilly Junction.

Commissioner Harlan: What track do you own at that point?

Mr. McLean: We own from there to Walla, a distance of seven and a half miles.

Commissioner Harlan: What rail have you on that?

Mr. McLean: 60 pound rail.

Commissioner Harlan: At what point towards the south do you own further tracks?

Mr. McLean: Fayette, La.

Commissioner Harlan: There you run to the west, do you?

Mr. McLean: To Camp Curtis.

Commissioner Harlan: Through Barn Creek?

Mr. McLean: Yes, sir.

Commissioner Harlan: What is the length of that?

Mr. McLean: Nine miles.

Commissioner Harlan: And the rail is what?

Mr. McLean: 60 pound rail.

Commissioner Harlan: On to the south again where do you own

further tracks?

1549

Mr. McLean: We start in at Bridge Junction and we own about a mile of track, or better than a mile into the Lake Charles station, Goosport Yard.

Commissioner Harlan: Who owns the terminals at Lake Charles?

Mr. McLean: We do, the Louisiana & Pacific Railway.

Mr. Thurmond: Will your Honor look at this plat as to the terminals at Lake Charles (handing paper)?

Commissioner Harlan: Then you own from Bridge June-

tion into Lake Charles?

Mr. McLean: Yes, sir. Commissioner Harlan: And all the tracks and station?

Mr. McLean: Yes.

Commissioner Harlan: What is this, a map of the Lake Charles

terminal?

1550

Mr. Thurmond: It is a map of the tracks owned by the Louisiana & Pacific, in Lake Charles, and shows the tracks into the mills from Bridge Junction over to what is called Goosport, a part of Lake Charles.

Commissioner Harlan: Who owns the intervening tracks from

De Ridder to Bridge Junction.

Mr. McLean: The Lake Charles & Northern Railroad Company. Commissioner Harlan: And your company has acquired the right to the use of that track by lease?

Mr. McLean: Yes.

Commissioner Harlan: Has that lease been filed with the Commission?

Mr. McLean: It has, I believe. Mr. Thurmond: It has.

1551 Commissioner Harlan: What is the general basis of the lease, what is the rental?

Mr. McLean: Trackage rental; we pay a trackage rental of 25 cents per train mile.

Commissioner Harlan: What did that amount to last year?

Mr. McLean: Approximately \$7,000. I can give the exact figures. Commissioner Harlan: Do you operate the road yourselves with your own power and equipment?

McLean: Yes.

Commissioner Harlan: And run the stations?

Mr. McLean: We have joint agents at all the stations except Lake Charles.

Commissioner Harlan: Is the lessor road an operating road?

Mr. McLean: Yes, sir.

Mr. Cowan: It is the Southern Pacific interests that own the Lake Charles & Northern, so I understand. I am not speaking by the card.

Mr. Thurmond: Correct.

Commissioner Harlan: Well, that is not the main line of the Southern Pacific, is it? It ends at De Ridder.

Mr. Blair: The Lake Charles & Northern is a separate incorporation and begins at Lake Charles and goes to De Ridder, and by trackage rights 25 or 30 miles beyond.

Mr. Thurmond: Here is a map of the Lake Charles & Northern. Commissioner Harlan: Are you accurate in saying it begins at Lake Charles?

Mr. Blair: Yes.

Commissioner Harlan: This witness seems to have said that the terminals belong to the Louisiana & Pacific,

Mr. Blair: They have their own terminals, and the Lake Charles

& Northern has its own terminals.

Commissioner Harlan: Now, who are the officers of the Louisiana

& Pacific Railway Company?

Mr. McLean: President, R. A. Long; Vice President, C. B. Sweet; Treasurer, F. J. Bannister; General Superintendent, C. M. Boswell; General Auditor, P. C. Rickey; Auditor, D. McLean.

Commissioner Harlan: Which one of those officers are also officers

of the lumber companies?

Mr. McLean: I understand that Messrs. Long, Sweet, Bannister and Rickey are officers of lumber companies.

Commissioner Harlan: And of what lumber companies?

Mr. McLean: The Long-Bell Lumber Company.

1553 Commissioner Harlan: Are they not interested in, or officers of a number of other companies?

Mr. McLean: Now I don't know anything about the organization of the lumber companies.

Commissioner Harlan: Well, do you know anything in response to my inquiry?

Mr. McLean: If they are interested in other companies?

Commissioner Harlan: Yes.

Mr. McLean: No, I do not, not of my own knowledge.

Commissioner Harlan: Do you know whether they are interested in the Hudson River Lumber Company?

Mr. McLean: It is my understanding they are. Commissioner Harlan: The Kansas Fuel Company?

Mr. McLean: I do not know.

Commissioner Harlan: The King Ryder Lumber Company?

Mr. McLean: I understand they are.

Commissioner Harlan: The Long-Bell Experimental Farm & Mercantile Company?

Mr. McLean: I understand they are, yes, sir.

Commissioner Harlan: The Long-Bell Mercantile Company?

Mr. McLean: Yes, sir.

Mr. Thurmond: We will hand you a list of the stock-1554 holders of the Louisiana & Pacific, and the stockholders of the lumber mills that are on the Louisiana & Pacific, and put it into the record.

(The paper so offered and identified, was received in evidence and thereupon marked Louisiana & Pacific Railway Exhibit No. 2, Witness McLean, received in evidence December 13th, 1910, and is attached hereto.)

Commissioner Harlan: Are all these companies on that railroad, the Louisiana & Pacific?

Mr. McLean: What companies?

Commissioner Harlan: I have read them. And the Calcasieu Long-Leaf Lumber Company?

Mr. McLean: Yes, sir.

Commissioner Harlan: That is at Lake Charles?

Mr. McLean: Yes, sir.

Commissioner Harlan: The Hudson River Lumber Company at De Ridder?

Mr. McLean: Yes, sir.

Commissioner Harlan: The Kansas Fuel Company at Bonami?

Mr. McLean: Yes, sir.

Commissioner Harlan: The King Ryder Company at Bonami? Mr. McLean: Yes, sir.

Commissioner Harlan: The Experimental Farm Company at the same place, and also at De Ridder, is that right?

Mr. McLean: Yes. Commissioner Harlan And Long-Bell Lumber Company

at Bundick? 1555

Mr. McLean: Yes, sir. Commissioner Harlan: The Long-Bell Naval Stores Company at

the same place? Mr. McLean: Yes, sir.

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Commissioner Harlan: And the Long Leaf Lumber Company at Longville?

Mr. McLean: Yes, sir.

Commissioner Harlan: Is it not true that the stockholders of this company are substantially the stockholders of one or more of the companies that I have just mentioned?

Mr. McLean: Your Honor, I don't know. I only know the stockholders of the Louisiana & Pacific Railway. I don't know who are the stockholders in the lumber companies you mentioned.

Commissioner Harlan: Your list here does not show the actual

ownership of the stock, the amount of it?

Mr. Thurmond: No. We will show that Mr. R. A. Long owns, I believe, a majority of the stock in all those companies and owns a majority of the stock in the Louisiana & Pacific Railway Company.

1556 Commissioner Harlan: Does not his general ownership in these companies and in the railroad company, he and his

family, largely exceed the majority?

Mr. Thurmond: Doubtless so, probably 70 per cent.

Commissioner Harlan: Has your line any contracts relating to the traffic of these lumber companies and other companies on your line?

Mr. McLean: Yes, sir.

Commissioner Harlan: In a general way what is the object and

purpose of those contracts?

Mr. Thurmond: If your Honor please, the contracts are all on file with the Commission and for those details outside of those figures we have witnesses who are much more familiar than this witness. I thought perhaps your Honor wanted the auditor first.

Commissioner Harlan: Very well, if this witness does not know

those details we can go ahead.

Mr. Thurmond: You left out the name of the traffic manager?

Mr. McLean: Yes, sir.

Mr. Thurmond: Give it, please. Mr. McLean: Mr. R. S. Davis.

Commissioner Harlan: Have you the traffic statistics of your road?

your road:

1557

Mr. McLean: For the year ending June 30th, 1910, I have a copy of the report to the Commission.

Commissioner Harlan: Will you state what the gross tonnage

Mr. McLean: Gross tonnage 251,409 tons.

Commissioner Harlan: What part of that was lumber?

Mr. McLean: 242,590 tons.

Commissioner Harlan: What part of the whole gross tonnage was furnished by these mills and industries I have just mentioned?

Mr. McLean: I would say approximately 98 per cent in connec-

tion with those companies

Commissioner Harlan: What was the character of the outside tonnage?

Mr. McLean: Merchandise and various commodities.

Commissioner Harlan: Commodities that move under class rates, too?

Mr. McLean: Yes, sir.

Commissioner Harlan: And general merchandise?

1558 Mr. McLean: And general merchandise.

Commissioner Harlan: Does this line carry express and mail matter?

Mr. McLean: No, sir.

Commissioner Harlan: Any passengers?

Mr. McLean: Yes, sir.

Commissioner Harlan: What is the extent of its passenger traffic?

Mr. McLean: If I remember correctly, its passenger revenue for
the fiscal year ending June 30th, 1910, was \$300.

Commissioner Harlan: Do you run any passenger cars?

Mr. McLean: No, we do not.

Commissioner Harlan: You have not any regular time?

Mr. McLean: Yes, we run on schedule.

Commissioner Harlan: How many trains a day?

Mr. McLean: Two, one each way.

Commissioner Harlan: What was the gross revenue from operation last year?

Mr. McLean: The gross operating revenues were \$220,985.94.
Commissioner Harlan: And what was the operating expenses?
Mr. McLean: \$145,433.69.

Commissioner Harlan: And the net operating revenues?

Mr. McLean: \$75,552.25. Commissioner Harlan: Is that net after the payment of in-

Mr. McLean: No, sir, that is the net after the deduction of operating expenses.

Commissioner Harlan: And did not include taxes and interest?

Mr. McLean: No.

Commissioner Harlan: After the payment of taxes and interest what was the net revenue?

Mr. McLean: \$16,781.95.

Commissioner Harlan: In addition to the \$600,000 of bonds, only part of which were issued, have you any other outstanding obligations?

Mr. McLean: No, sir, excepting open accounts, that is all.

Commissioner Harlan: Are there not some notes payable to these various lumber companies?

Mr. McLean: No, sir.

Commissioner Harlan: Were those obligations taken up recently?

Mr. McLean: Yes, sir.

1560 Commissioner Harlan: By this issue of bonds?

Mr. McLean: By bond issue, yes, sir. Commissioner Harlan: As I understand it, on April 30th, 1909,

you had notes payable aggregating half a million dollars?

Mr. McLean: Something like that, yes, sir.
Commissioner Harlan: Approximating that sum due to several of
these companies I have just named?

Mr. McLean: Yes, sir.

Commissioner Harlan: What is the significance of that indebtedness, does it mean that the money for the construction of this road and the purchase of equipment was furnished by these companies?

Mr. McLean: That transaction was completed before I came with the company. It is my understanding, and I believe I am correct, that that represented the purchase price of the road from those various companies.

Commissioner Harlan: You are now talking about the road that

your company owns?

Mr. McLean: Yes, sir.

Commissioner Harlan: Does your answer imply that these several lumber companies had built those portions of the road and 1561 later sold it to the railroad company?

Mr. McLean: Yes, sir.

Commissioner Harlan: It means that, does it?

Mr. McLean: Yes.

Commissioner Harlan: At that time were these railway companies independent of one another in the sense that they had no affiliations?

Mr. McLean: So far as I know, I am not familiar with that, but

so far as I know they are independent of one another.

Commissioner Harlan: Does anyone know the history of these lumber companies and their relation to one another and the rail-road?

Mr. Thurmond: Yes, sir, they were organized at different times. Mr. R. A. Long owns a majority of the stock in the four main mill companies named there.

Commissioner Harlan: I want to know about the history of them. Mr. Thurmond: We can give you all that complete by another

witness, who will be able to do so.

Commissioner Harlan: Have you stated what is the equipment of your road?

1562 Mr. McLean: No, sir, I have not.

Commissioner Harlan: Will you be good enough to do that

now.

Mr. McLean: We own 22 locomotives, one pile driver, six cabooses, three stock cars, one refrigerator, 14 box cars, 10 outfit cars, one tank, 15 flat cars, 8 gondolas, and 270 log cars.

Commissioner Harlan: Do you lease any cars?

Mr. McLean: Do we lease any? No, sir.

Commissioner Harlan: I mean are you using any cars under lease from some lessor?

Mr. McLean: No.

Commissioner Harlan: You own all these cars?

Mr. McLean: We own all these cars.

Commissioner Harlan: And those are all the cars in operation?

Mr. McLean: Well, of course, you understand the cars we receive, we interchange service with connecting lines.

Commissioner Harlan: Do these several lumber companies own

any cars and locomotives?

Mr. McLean: Not to my knowledge.

Commissioner Harlan: Are there any logging roads that 1563 join the Louisiana & Pacific?

Mr. McLean: No, sir.

Commissioner Harlan. Now, are you sure of that?

Mr. McLean: Well, now, I believe there is a logging road that connects with the main line, a line running over from Carson, I don't know the name of it.

Mr. Thurmond: I expect the Commissioner refers to the logging

roads that brings the logs up to the ends of these branch lines.

Mr. McLean: Is that what you refer to?

Commissioner Harlan: I simply referred to logging roads, whether they joined the line of the Louisiana & Pacific Rail-1564

Mr. McLean: Yes, each one of the lumber company's logging way.

Commissioner Harlan: We will take the branch that goes out to Bundick. Are there not some lines that join the main line there?

Mr. McLean: Yes, sir. Commissioner Harlan: How many of them are there?

Mr. McLean: One.

Commissioner Harlan: To whom does that belong?

Mr. McLean: The rails belong to the Louisiana & Pacific, the rails and fastenings.

Commissioner Harlan: And the ties and labor to the lumber

company?

Mr. McLean: The ties and labor to the lumber company. Commissioner Harlan: Do you operate that logging road?

Mr. McLean: No, sir.

Commissioner Harlan: What is the length of that logging road at Walla, is not there a logging road there?

1565

Mr. McLean: Yes, sir. The same condition. Commissioner Harlan: Is there anyone else that can give these facts more accurately?

Mr. Thurmond: Yes, we put this witness on more particularly

as to the tonnage and that sort of thing.

Commissioner Harlan: If you have some questions to put to this witness we will proceed to get these facts from some one else.

Mr. Thurmond: Will you give the number of employees of the

Louisiana and Pacific now?

Mr. McLean: Well, it employs a general superintendent and local auditor and car accountant, chief despatcher, five agents, four telegraph operators, about fifteen clerks, five stenographers, three porters, eight train crews and the necessary trackmen. The number of trackmen vary from time to time.

Mr. Thurmond: Have you made out a tabulated statement of the lumber originating on the Louisiana and Pacific and delivered to connecting lines for six months ending October 31, 1910.

Mr. McLean: Yes, sir.

Mr. Thurmond: And forest products handled locally on the Louisiana & Pacific for the six months ending October 1566 31, 1910?

Mr. McLean: Yes, sir.

Mr. Thurmond: A statement of carloads and less than carloads originating on the Louisiana & Pacific delivered to various connecting carriers for the same period?

Mr. McLean: Yes, sir.

Mr. Thurmond: A statement of carloads and less than carloads received by the Louisiana & Pacific Railway Company from connecting carriers?

Mr. McLean: Yes, sir.

Mr. Thurmond: And the freight handled for other than these four lumber companies mentioned?

Mr. McLean: Yes, sir.

Mr. Thurmond: Is this correct?

Mr. McLean: It is, to the best of my knowledge and belief.

Mr. Cowan: Does that cover logs as well as lumber?

Mr. McLean: No.

(The paper so offered and identified was received in evidence and thereupon marked Louisiana & Pacific Railway Company Ex1567 hibit 3, Witness McLean, received in evidence December 13, 1910, and is attached hereto.)

Mr. Thurmond: Are you familiar with the stations on the line

of this road? Mr. McLean: Yes.

Mr. Thurmond: The towns, I mean.

Mr. McLean: Yes.

Mr. Thurmond: Will you give the principal towns and indus-

tries on this road?

Mr. McLean: Starting out at De Ridder, Louisiana, it has a population of approximately five thousand people. The principal industries there are the Gulf Refining Company, Waters-Pierce Oil Company, Hudson River Lumber Company, Crystal Ice Company, Ridder Bottle Works and some thirty or more mercantile houses and two banks.

The next station is what is known as the experimental farm; the principal industry located there is the Long Mill Experimental

Farm Company.

Mr. Thurmond: What does it do?

Mr. McLean: General farming and fruit raising and stock raising.

Mr. Thurmond: Fruit specialties and farm products?

Mr. McLean: The next is Bonami, Louisiana.
Mr. Thurmond: Can you say about what investment that

1568 farm represents?

Mr. McLean: I could not. It it quite extensive. Bonami, the population is approximately two thousand people and the principal industry is the King-Ryder Lumber Company and the King-Ryder Mercantile Company.

The next is Bannester, Louisiana, a small population. The W. A. Brown Lumber Company is located at that point, and they also

have a mercantile company.

Longville, Louisiana, has a population approximating two thousand and the principal industry is the Longville Long Leaf Lumber Company and Mercantile Company. Besides those two industries at that town there are a number of independent stores.

Mr. Thurmond: Does any mercandise go over the Louisiana &

Pacific to those stores?

Mr. McLean: Yes, sir.

The next is Fulton, our junction with the N. O., T. & N.

Mr. Thurmond: That is the junction with the Frisco system? Mr. McLean: That is the junction with the Frisco System. population of that town is about one hundred, and the Merchandise

Store is about the only industry there.

Gaytine, Louisiana, has a small population. The Cal-1569

casieu Naval Stores are located at that point.

Gillis, Louisiana, is a small town with a population perhaps about two hundred. General merchandise store and a branch of the Cal-

casieu Naval Stores is located at that place.

Lake Charles has a population of about 23,000; quite a jobbing center and supports a large population. On our branch line, on the branch running from De Ridder, the principal town is Bundick with a population of perhaps two hundred to two hundred and fifty. The industries there are the Hudson River Lumber Company's store and the Longville Naval Stores and the Hudson River Mercantile Company.

On the Bonami branch, Walla is about seven and a half miles west of Lilly Junction, with a population of about two hundred and The principal industry is the King-Ryder Lumber Company. There is also a small Lumber Company there named the Bundick Creek Lumber Company, which ships several carloads of lumber

every month.

On the branch from Fayette is Camp Curtis, about nine miles The population is about two hundred. The principal industry is the Calcasieu Long Leaf Lumber Company and their Mercantile Company. That I believe is all the towns of any 1570

distinction on the line.

Mr. Thurmond: What is the average haul of the logs hauled over the Louisiana & Pacific rails from the origin of the logs to their delivery to the connecting lines?

Mr. McLean: About thirty miles.

Mr. Thurmond: What is the average haul of the finished products from the mills hauled over these connecting lines?

Mr. McLean: Approximately twenty miles.

Commissioner Harlan: Do you lease any equipment to the lumber companies?

Mr. McLean: Yes, sir. Commissioner Harlan: Take the mill at De Ridder Junction, or is there a mill there?

Mr. McLean: At De Ridder Junction, no. The mill is located at De Ridder.

Commissioner Harlan: It operates with your equipment the tram line into Bundick?

Mr. McLean: Yes.

Commissioner Harlan: What is the consideration for the lease by your company of that equipment?

Mr. McLean: There is no consideration except in the

1571 terms of the contract.

Commissioner Harlan: Well, what is the general consideration as expressed in that contract?

Mr. McLean: That we get one hundred per cent of the output of

the mill, the entire output of the mill.

Commissioner Harlan: You are now talking about one hundred per cent of the lumber milled?

Mr. McLean: What haul do you perform on that lumber?

Mr. McLean: We take the logs at Bundick and handle them into De Ridder and we take the finished product at the mill and deliver it to the various connecting lines.

Commissioner Harlan: What connecting line gets most of the

output at De Ridder?

Mr. McLean: That I could not answer. It varies. I perhaps could give you the entire output of all the mills better than I could any one mill.

Commissioner Harlan: Where do you take the logs, at Bundick

or out on the tram line?

Mr. McLean: At Bundick.

Commissioner Harlan: They are delivered to you there by the lumber company?

Mr. McLean: Yes.

1572 Commissioner Harlan: With its own locomotives?
Mr. McLean: Yes.

Commissioner Harlan: Do you unload them at the mill?

Mr. McLean: Yes, sir; our crew unloads the logs at the mill into the pond.

Commissioner Harlan: Do you make any charge against the lumber company for that service?

Mr. McLean: No.

Commissioner Harlan: Are you paid anything for the service and if so by whom and how?

Mr. McLean: We get our proportion of the through rate.

Commissioner Harlan: The through rate goes back to Bundick?

Mr. McLean: The through rate goes back to Bundick. Commissioner Harlan: It is just a milling in transit. Mr. McLean: It is just a milling in transit arrangement.

Commissioner Harlan: What are your divisions?

Mr. McLean: They vary from one and a half cents to five and a half cents.

Commissioner Harlan: On what traffic do you get five and a half cents?

Mr. Thurmond: The traffic manager will give all those details.

Commissioner Harlan: Very well. Do you have a similar arrangement with mills who get their logs from logging lines that join your road at Walla?

Mr. McLean: Yes.

Commissioner Harlan: That is to say you lease them equipment on the condition that you get one hundred per cent of their traffie?

Mr. McLean: Yes.

Commissioner Harlan: You have that arrangement with all the mills?

Mr. McLean: Yes.

Commissioner Harlan: Have you any written contracts with any of the regular lines for division? Can the traffic man give us that* Mr. Thurmond: That is on file with the Commission.

Commissioner Harlan: How long does this lease run with the

Lake Charles & Northern?

Mr. McLean: Twenty years, from 1906.

Commissioner Harlan: Now is not the Lake Charles & Northern physically in good condition?

Mr. McLean: Yes.

Commissioner Harlan: Well ballasted? 1574

Mr. McLean: Not ballasted.

Commissioner Harlan: What rails has it?

Mr. McLean: I think it is sixty pound rail all the way through Commissioner Harlan: It is as good a road as your branches to Bundick, Walla and Camp Curtis?

Mr. McLean: The same kind.

Commissioner Harlan: The same kind of a road?

Mr. McLean: Yes.

Commissioner Harlan: Is it not equipped with power and cars.*

Mr. McLean: I do not know what the equipment is.

Commissioner Harlan: Is it not in a physical condition to haul all this traffic just as well as your road?

Mr. McLean: That I could not say. I do not know what its

equipment is.

Commissioner Harlan: Do you handle business for the general public along the line of that road?

Mr. McLean: We do.

Commissioner Harlan: Is that controlled by the contract in any way?

Mr. McLean: No.

Commissioner Harlan: The contract is silent on that que-1575 tion?

Mr. McLean: Yes.

Commissioner Harlan: You do not haul many passengers though. do vou?

Mr. McLean: No.

Commissioner Harlan: Do you engage in the through haul of outside products on your road?

Mr. McLean: Yes, sir.

Commissioner Harlan: But the Lake Charles & Northern rets practically all that outside tonnage, does it not?

Mr. McLean: No I don't believe it gets as much as we do. Now, of course, that is just my observation, but I believe we are handling more outside tonnage than the Lake Charles & Northern is

Mr. Cowan: Because of the fact that they have operating men and traffic men who know more about the details. I would rather postpone any cross examination now of Mr. McLean for the present.

Mr. Thurmond: Did you state to the Commission that your road

pays sixty per cent of the salaries of the joint agents?

Mr. McLean: I did not.

Mr. Thurmond: That is a fact?

Mr. McLean: Yes.

Mr. Thurmond: Except as to Lake Charles, where they have their own agent and pay it all?

Mr. McLean: Yes.

Commissioner Harlan: Have you the custody of the contracts with the company?

Mr. McLean: No, I have not. Commissioner Harlan: Who has? Mr. McLean: I have copies of them.

Commissioner Harlan: You have copies of all the contracts? Mr. McLean: Yes, sir.

Commissioner Harlan: Is there any contract between your company and the Lake Charles & Northern which limits or purports to limit the operations of your company to the Long-Bell traffic?

Mr. McLean: Not to my knowledge, absolutely not. Commissioner Harlan: Did vou ever hear of any such?

Mr. McLean: I never did.

(Witness excused.)

1577 R. S. Davis, was called as a witness, and having been duly sworn, testified as follows:

Commissioner Harlan: How long have you been connected with the Louisiana & Pacific Railway as traffic manager?

Mr. Davis: About 6 years.

Commissioner Harlan: Prior to that time had you any relation with that road in any other capacity?

Mr. Davis: No, sir.

Commissioner Harlan: Have you been a railroad man for some time?

Mr. Davis: Yes. sir.

Commissioner Harlan: Are you familiar with the contracts between this road and other companies with relation to traffic?

Mr. Davis: To some extent, so far as relating to traffic, yes, sir. Commissioner Harlan: Is there any contract between the Lake Charles & Northern and the Louisiana & Pacific that limits the operations of the latter to the Long-Bell traffic?

Mr. Davis: No, sir, no contract

Commissioner Harlan: Any understanding of that kind? Mr. Davis: I don't know. I have heard that there was 1578 such an understanding. I am not familiar with it. has been some question about our soliciting traffic in that way.

Commissioner Harlan: As to your right to solicit traffic?

Mr. Davis: Yes, sir.

Commissioner Harlan: Well, what arrangement is there between the two roads for the division of revenue from traffic which originates on the Lake Charles & Northern and is handled by the Louisiana & Pacific?

Mr. Davis: There is no arrangement—did you state originating

on the Lake Charles & Northern?

Commissioner Harlan: Yes.

Mr. Davis: We are absolutely separate and distinct from the Lake Charles & Northern. The Louisana & Pacific operates a railroad that originates and delivers tonnage and has absolutely no connection with the Lake Charles & Northern.

Commissioner Harlan: There is no contract relating to the revenues from traffic originating on the Lake Charles & Northern but

handled exclusively by your road?

Mr. Davis: Originating on the Lake Charles & Northern?

Commissioner Harlan: In the sense that it is the lessor It originates not on your company and owns this line. 1579 branch lines, but on the leased part of your line.

Mr. Davis: The Lake Charles & Northern traverses the same territory between De Ridder and Lake Charles that we do. If they originate any tonnage, we do not get a haul on it. I do not be-

lieve I understand your question.

Commissioner Harlan: Well, perhaps not. I am not talking about traffic originating on the Lake Charles & Northern that the Lake Charles & Northern havls, but traffic originating on the Lake Charles & Northern as distinguished from your branch lines that you own yourself and handle exclusively by your line. Is there any obscurity in that question? If there is, I will try to put it another wav.

Mr. Davis: I don't understand the question.

Commissioner Harlan: Well, here is a point called Bannister which is on your leased line.

Mr. Davis: Yes.

Commissioner Harlan: And it is on a line that is owned by the Lake Charles & Northern and operated by the Lake Charles & Northern.

Mr. Davis: Yes.

Commissioner Harlan: Now suppose there is a shipment of 1580 general merchandise offered to you at that point, I refer to traffic originating on the Lake Charles & Northern, but suppose it is handled-

Mr. Davis: I catch your point, handled by the Louisiana & Pa-

cific line?

Commissioner Harlan: Yes. Is there an understanding or agreement with respect to the division of revenue?

Mr. Davis: No, sir, none that I know of.

Commissioner Harlan: Does your line get all of the revenue?

Mr. Davis: Yes, sir.

Commissioner Harlan: They get it all?

Mr. Davis: All, so far as the haul is concerned. If we handled shipments from Bannister to Lake Charles going to New Orleans we get our proportion of the through rate.

Commissioner Harlan: And the Lake Charles & Northern does not get any of it?

Mr. Davis: No. sir. That is our own line and we pay for the

privilege of operating over it.

Commissioner Harlan: Is there any understanding by which the output of these mills is divided up between the Southern 1581 Pacific and the Frisco?

Mr. Davis: There is a contract with each line, a contract

with the Frisco and one with the Southern Pacific.

Commissioner Harlan: What is the general result of those con-

Mr. Davis: The general result of those contracts is that 40 per cent of the tonnage goes to the Southern Pacific and 60 per cent to the Frisco, providing they furnish the equipment.

Commissioner Harlan: If they do not furnish the equipment you

have the privilege of giving it to the other line?

Mr. Davis: Yes.

Commissioner Harlan: Is it not true that the Lake Charles & Northern is physically able to haul all of this traffic for the Long-

Bell lines as well as your line?

Mr. Davis: I believe so. I do not know, I suppose if they are not now, they could furnish enough motive power to handle it. do not know whether they are able now or not. The condition of the road, it is one line, and I suppose they can do what we are doing in the matter of operating.

Commissioner Harlan: Then as I understand it, you have the

right to pick up traffic at any point along the line?

1582 Mr. Davis: Yes.

Commissioner Harlan: And move it and get all the revenue from it?

Mr. Davis: Yes.

Commissioner Harlan: And that your understanding has been that there is some understanding or agreement which gives you all the Long-Bell traffic?

Mr. Davis: There is an understanding that we get all the tonnage originating from the timber handled by our company under a milling in transit arrangement, all the product of that timber.

Mr. Thurmond: That understanding is with these various lum-

ber companies.

Mr. Davis: Yes.

Commissioner Harlan: You heard the testimony of Mr. McLean about the rates?

Mr. Davis: Yes, sir, I think so.

Commissioner Harlan: Is there any correction you wish to make? Mr. Davis: I don't now remember just what he said. We carry a full line of class and commodity rates with all connections except the Santa Fe.

1583 Commissioner Harlan: About 98 per cent of all your tonnage is tonnage coming from these companies?

Mr. Davis: I presume that is a fair statement. I have not a statement here that shows that actually.

Commissioner Harlan: Can you tell us what the average division

you receive on all your lumber shipments is?

Mr. Davis: I should think the average would run about 3.9 cents per 100 pounds. I am not sure but that is-I have in mind a statement made up some time ago which furnished that information, and that was the figure. It may be more or less.

Commissioner Harlan: Are there not wholly independent mills

in this country that you serve?

Mr. Davis: Adjacent or tributary to the Louisiana & Pacific?

Commissioner Harlan: Yes.

Mr. Davis: There is one small mill at Walla, I believe. Commissioner Harlan: Is it situated on your line?

Mr. Davis: I have never seen the mill. I understand it is right on the line, yes, sir.

Commissioner Harlan: That is the only one you know that is wholly independent?

Mr. Davis: Yes, sir. The W. A. Brown Lumber Company 1584

at Bannister. Commissioner Harlan: Do those people get their logs from lands owned by any of these Long-Bell interests?

Mr. Davis: I cannot answer that question. I don't know.

Commissioner Harlan: You do not know what is the case with the Brown people at Bannister?

Mr. Davis: No. I know we handle some of their business, and

that is all. Commissioner Harlan: What do you understand to be the service that your line performs for these divisions?

Mr. Davis: An average service on lumber of 19.9 miles, and on the logs about 30 miles.

Commissioner Harlan: Do you haul any logs on the main line that have not reached the main line over these branch lines?

Mr. Davis: I do not think so, no. I do not know of any logging movement at all on the main line from one point to another. They all go into the mill.

Commissioner Harlan: Which branch line gives you the largest

logging movement?

Mr. Davis: Well, that would be a guess on my part. It is reasonable to say that the mill that ships the largest amount of manufactured lumber would do that. I do not know. I am not a lumber man.

Commissioner Harlan: Which mill ships the largest amount? Mr. Davis: The mill at Lake Charles. The annual capacity of the mill at De Ridder is 1800 cars, at Bonami 3000 cars, and at Longville 3500 cars, and Lake Charles 3000 cars.

Commissioner Harlan: Where do the logs come from that reach

the mill at Lake Charles?

Mr. Davis: From a point called Camp Curtis.

Commissioner Harlan: Then when the logs are milled there.

which way does the lumber go out ordinarily? Mr. Davis: The lumber ordinarily, as a transportation proposition should go out over the Southern Pacific; but on account of the car supply we have to haul it to Fulton very often. We aim to give a large percentage of that tonnage to the Southern Pacific, but it is not always possible to do it.

Commissioner Harlan: There is considerable back haul on that?

Mr. Davis: Yes, sir, about 18 miles. Commissioner Harlan: 18 miles?

Mr. Davis: Yes, sir.

1586 Commissioner Harlan: Is there any back haul from the lumber mill at De Ridder, in actual practice?

Mr. Davis: No, that is a direct haul from the mill to the various

connections.

Commissioner Harlan: Have you some questions, Mr. Thurmond? Mr. Thurmond: Mr. Davis, you say you have been with the Louisiana & Pacific for six years?

Mr. Davis: About that time, yes, sir; six or seven.

Mr. Thurmond: You are familiar with how that road grew up and how these smaller roads were brought together and the big line constructed?

Mr. Davis: I know something of the conditions existing then,

yes, sir.

Mr. Thurmond: I think if you would go into that and explain it, I think it would answer the question the Commissioner asked of the other witness, and also carry it right on up and explain what this Louisiana & Pacific Road does with reference to connecting up with these other roads.

Mr. Davis: In 1905, I think it was, 1904 or 1905, the largest owner in the Louisiana & Pacific, Mr. Long, made an effort to find other outlets for his tonnage. The facilities we had at

that time were limited. We only had one connection. the Kansas City Southern. And negotiations were conducted between the Missouri Pacific, in connection with the line for the terminus of the Louisiana & Pacific to Alexandria, and also with the Santa Fe. The proposition with the Santa Fe was to connect up with them over about the Sabine River. The Santa Fe proposition fell through, the Santa Fe deciding to build their own line over into Louisiana. Nothing came of the Missouri Pacific's proposition at that time on account of the-I really don't know the reason why, the Gould people could not meet the terms or conditions or were not willing to enter into negotiations at that time, and the road was started south. Mr. Harriman, as I understand it, had been looking for an outlet north, and entered into negotiations with Mr. Long. As the result of those negotiations Mr. Long, who had completed his road I believe to a point south of Fulton about a mile, sold his line to the Southern Pacific people at the book cost, whatever that was. It was handled by their engineers and other

Mr. Thurmond: Begin just a little back of that point and tell about what there was already there prior to the time that you have told about in the way of roads which served the mills.

1588 for instance, the Bradley-Ramsey Road.

Mr. Davis: Before Mr. Long started south with this prop-

erty he organized the Louisiana & Pacific Railway, taking over the De Ridder & Eastern Road, which was running at that time between Bundick and De Ridder; also the line of the Louisiana & Pacific. running from Bonami out to Walla. Those two lines were in existence at that time. He had this Lake Charles & Leesville Road, which was a narrow gauge line, which had just been purchased, running from a point on the Calcasieu River north over towards Camp Curtis. Those three roads were taken over by this company, and as I stated, this extension south was started when these negotiations with the Southern Pacific people were entered into. Mr. Harriman wanted a line north, and Mr. Long wanted a line south. The result was that the road was sold, as I understand-I was not present when the terms were made-at its actual value, and the compensation being the cost of the road plus the right to operate at a certain rental, which I believe is 25 cents per mile, the Louisiana & Pacific Railway paying 60 per cent of the station expenses and salaries, and so forth, of the agents.

1589 Commissioner Harlan: Who maintains the track?

Mr. Davis: The Lake Charles & Northern, I believe.

Mr. Thurmond: What connection does that give the Louisiana &

Pacific Road as completed, as it is now?

Mr. Davis: The Louisiana & Pacific at the time it started to build had but one connection, the Kansas City Southern. That line was not able to furnish equipment, and there were days and weeks at a time when the mills could not get cars. The extension of this line and the arrangement made for a track into Lake Charles has given us connection with the Frisco, Iron Mountain, Kansas City Southern at Lake Charles and the Southern Pacific at Lake Charles, and the Frisco at Fulton.

Mr. Andrews: To better understand what he is now saying would you mind my asking what line was physically on the ground that was sold in this sale he is speaking about? I did not get from him

just what was there to sell. Will you explain?

Mr. Davis: What railroad was there to sell?

Mr. Andrews: Yes, sir, what was physically on the ground which you explain was sold to the Harriman System?

Mr. Davis: Well, I do not know what was physically on the

1590 ground except the rail.

Mr. Andrews: Well, what part of it there on the map, from where to where?

Mr. Davis: From De Ridder down to a point just south of Fulton, I understand it is about a mile.

Mr. Andrews: That is what was sold?

Mr. Davis: That was sold by the Louisiana & Pacific to the Lake Charles & Northern.

Mr. Andrews: And it had not reached Lake Charles then, as

shown on this map?

Mr. Davis: It had not reached Lake Charles when the Lake Charles & Leesville Road was purchased; it was a narrow gauge road, and that was part of the trade.

Mr. Andrewse I did not know what was included in that sale.

Mr. Thurmond: Mr. Garwood says he does not understand about the Lake Charles & Leesville. That was the road which was bought from the Bradley-Ramsey Milling Company.

Mr. Davis: Yes, sir.

Mr. Thurmond: Extended from where to where?

Mr. Davis: The road was originally owned by the Bradley-Ramsey people and extended from a place called Banks, on the Calcasieu River north, as I remember, 25 or 30 miles in this section.

Mr. Thurmond: Up to where Camp Curtis is now?

Mr. Davis: Yes.

Mr. Thurmond: About 30 miles of road?

1592 Mr. Davis: That is my recollection.

Mr. Thurmond: And that part of the Bradley & Ramsey Road was incorporated into the Louisiana & Pacific, and sold to the Lake Charles & Northern?

Mr. Davis: Yes.

Mr. Thurmond: Part of the De Ridder Road south was sold to that road?

Mr. Davis: Yes, sir.

Mr. Garwood: Was the narrow gauge brought up to standard

gauge before the sale to the Lake Charles & Northern?

Mr. Davis: Well, when the Louisiana & Pacific sold the right of way, or that narrow gauge property, it was with the understanding that it would be a standard gauge into Lake Charles, they having the right to operate over it.

Mr. Garwood: Then the Lake Charles & Northern built its own road down then from a point a little below Fulton to Calcasieu River?

Mr. Davis: They built their own line down to the Calcasieu River,

and crossing the river near Goosport and-

Mr. Garwood: So that the Louisiana & Pacific when it sold out to the Lake Charles & Northern, returned the right to use the tracks?

1593 Mr. Davis: Absolutely; otherwise the road would not have been sold.

Mr. Garwood: It retained that much of an estate in the line which it itself owned and constructed?

Mr. Davis: Yes.

Mr. Garwood: And acquired the additional estate of the right to use the track of the Lake Charles & Northern, constructed from a point below Fulton into Lake Charles?

Mr. Davis: Yes.

Mr. Garwood: I understand now.

Mr. Thurmond: Further, I will get you to state if it is not a fact that these contracts were made simultaneously?

Mr. Davis: I think so.

Mr. Thurmond: The contract of sale to the Lake Charles & Northern containing the right to a trackage contract which was afterwards executed and is on file with the Commission, and also a contract with the Louisiana & Western part of the Southern Pacific System providing for joint routes and through rates with that company?

Mr. Davis: Yes, sir.

Mr. Thurmond: I will ask you if that was not all one 1594 transaction at the time.

Mr. Davis: I understand so; yes, sir.

Commissioner Harlan: Did that contract provide for divisions

Mr. Thurmond: I believe the contract with the Louisiana & Western provides for joint rates and through routes and divisions. Mr. Davis: It provides for a four cent division, except on ex-

port business, and that was to be-

Commissioner Harlan: Were the lumber companies made parties to that contract?

Mr. Davis: I think so.

Commissioner Harlan: The four lumber companies?

Mr. Davis: I think so.

Commissioner Harlan: Are not those lumber companies also actual parties to other contracts for divisions?

Mr. Davis: I think they are also parties to the contract with the

Frisco. The question of tonnage was involved there.

Commissioner Harlan: This lease, as I understand it, has about 18 years to run?

Mr. Davis: I do not know. I heard Mr. McLean say about 1595 twenty years. I am not sure.

Mr. Thurmond: It has sixteen years now.

Commissioner Harlan: Is it not pretty well understood around there that that lumber will all be cut out in about fifteen years?

Mr. Davis: I really don't know. I imagine-

Commissioner Harlan: Is not that the general gossip and under-

Mr. Davis: Some of that timber will be cut out in five years. Commissioner Harlan: I mean that there will be none left in fifteen years.

Mr. Davis: In that section?

Commissioner Harlan: I mean that can be conveniently reached by these lines.

Mr. Davis: I do not know about that, Mr. Commissioner.

Commissioner Harlan: Well. I suppose you are not familiar with those details, but is not that the general current gossip?

Mr. Davis: Well, I have heard it said that the yellow pine business will cease to be a business in about 25 years or 30 years. I do not know how true that is. 1596

Commissioner Harlan: I had in mind this territory served

by this particular line.

Mr. Davis: I suppose that gossip that you refer to will apply to that line.

Commissioner Harlan: Now, as I understood it, you said that you understood that there was some contract or agreement or understanding that limits the Louisiana & Pacific activity to the Long-Bell traffic?

Mr. Davis: Yes, sir, I said something to that effect.

Commissioner Harlan: That, at any rate, is the actual practice,

is it not? The Louisiana & Pacific does not move any traffic except

what comes from those interests?

Mr. Davis: The Louisiana & Pacific have through rates and divisions with the Kansas City Southern, the Frisco, the St. Louis, Iron Mountain & Southern, and Lake Charles, also the Kansas City Southern at Lake Charles. We have gone to a good deal of expense in supplying our agents and ourselves with tariffs, and the public. and we have made an earnest effort to secure a good share of the business going to all of those stations, and I think the records of the Lake Charles & Northern will show that we have been more than successful.

Commissioner Harlan: General merchandise, class and 1597

commodity rates?

Mr. Davis: Yes, sir. I have some friends among the railroads. and there is a little hot air connected with this railroad business, but they promise great things, and I try to check them up and interchange reports show that they are giving us a good share of the merchandise for De Ridder, Bonami, Longville, Bannister and Walla; Walla, of course, we are bound to get, as that is a local point.

Mr. Blair: You spoke of the lumber companies being parties to the contract for a division of rates. Did not that same contract pro-

vide for a routing of traffic by the lumber companies?

Mr. Davis: Yes. I think I explained that to the Commissioner that there was a tonnage obligation there, and on that account they had to.

Mr. Blair: And their participation in the contract was as to the routing of traffic and not as to a share in the division?

Mr. Davis: Oh, absolutely no; they simply held that the Louisiana & Pacific was obligated to give the Southern Pacific 40 per cent of the traffic of they furnished the cars. 1598

Commissioner Harlan: I did not intend to be understood

as thinking that they were to get any part of the division.

Mr. Blair: I just wanted to call attention that it was not simply a contract for divisions of rates, but for routing.

Commissioner Harlan: They were parties to a contract in which the division was settled?

Mr. Blair: Yes, sir, and a division as to traffic, to which they were necessarily parties.

Mr. Thurmond: But in the general operating contracts, the lumber companies are not parties, as to how the track shall be used.

Commissioner Harlan: I have not asked you, Mr. Davis, whether the Louisiana & Pacific makes any charge against the lumber compaines for hauling the logs.

Mr. Davis: They do not. The rate we publish now, Mr. Commissioner, includes transportation of the logs to the mill and the products to the connecting line.

Commissioner Harlan: And no charge for that service is made to

the lumber company?

Mr. Davis: No, sir. That basis h. sen in effect in the Southwest for years, milling in cansit, is in effect today 1599 on the trunk lines, as well as the short lines, and I am personally responsible for putting it in there, I think. In putting in that adjustment I figured that it was an productive business. and I put in the milling in transit rate.

Commissioner Harlan: Does not that give the lumber company a very great advantage in the general markets over other companies,

if it has its logs hauled to the mill for it without cost?

Mr. Davis: Well, I am not familiar, Mr. Harlan, with the lumber business, but I am sure, from the inquiries I have made on that point, that the investigation will show, if you care to go into it, that if there is any advantage in the cost to manufacture, I cannot say as o that, but it does not appear that this advantage is shown up in he cost of selling lumber, and that is what you want to get at. Whether this milling in transit enables the mills to produce lumber and sell it cheaper than somebody else.

Commissioner Harlan: Well, in all of its aspects, whether it is not

great advantage.

Mr. Davis: Well, I cannot say as to that.

Commissioner Harlan: You do know, do you not, that a number of lumber roads have been bought by the regular 600 lines?

Mr. Davis: Yes.

Commissioner Harlan: Some of them at very high mileage prices.

Mr. Davis: Yes, sir.

Commissioner Harlan: And I assume that if not your road, some of the other roads, are looking forward to the consummation of ome such agreement. Now, considering it as one investment by the ame people, looking forward to such an ultimate result, does not he situation daily build up a very substantial asset for those people nd thus give them a very great and decided advantage over other eople that do not have tap lines and divisions?

Mr. Davis: Do you refer to the cost of manufacture? Commissioner Harlan: The general result of the investment. They own the railroad; they own the mill, and they make earnings n the railroad, and these earnings go back into the property and repare it for purchase at a high price by the regular line. Taking he result of the whole investment, does it not give them a very ecided advantage?

Mr. Davis: I cannot see that it does. I do not think that-601 the blanket system of making rates in the South is pretty well observed, and I do not believe that this question, if there any advantage which can be shown by the lumber companies' ooks in this milling in transit business, I do not believe that enters nto the selling of lumber, and that is what you are trying to get at,

it not?

Commissioner Harlan: The sale of the lumber?
Mr. Davis: Yes, sir. The proposition, as I understand it is, that ou are trying to ascertain if this allowance or milling in transit roposition discriminates in any way for or against.

Commissioner Harlan: Yes.

Mr. Davis: If that is what you are trying to get at, I am not in position to say as a lumber man whether it does or does not, but is my own belief that it does not, from my own observation and quiry.

Commissioner Harlan: What does 4 cents per 100 pounds on an

ordinary carload of lumber amount to?

Mr. Davis: Four cents per 100 pounds would amount to about \$20.00 a car, and I think we run about an average of 50,000 pounds to the car.

Commissioner Harlan: And some of those mills will turn out how many cars a year? One of them 2500, I think you 1602 said.

Mr. Davis: Yes, sir.

Commissioner Harlan: Well, that amounts to \$70,000 a year.

Mr. Davis: Yes, sir.

Commissioner Harlan: Now do you mean to say that that is not reflected in the cost of the producing of the lumber, if the same interest owns a mill and a railroad, and the railroad is finally sold at

a high price.

Mr. Davis: If it is, I do not know it, and I have tried to find it out and I have not been able to. This tap line question has been before us for a number of years, and my friends, Judge Cowan and others, have been claiming that and I have been trying to satisfy myself personally. The blanket system of rate making is in this section, and I do not believe that the cost to manufacture enters into the sale of lumber at all. I remember four years ago we had a meeting in Austin, Mr. Farley claiming to represent 200,000 farmers, appeared there and asked for a reduction in the rates on lumber in the State of Texas. The chief witness for the railroads at that time was Mr. Bonner, who is now connected with the Kirby

Lumber Company. He told the Commission that a reduction in those rates would not benefit the farmer, that the lumber was sold on a blanket rate, and if there was any reduction made it would go to the manufacturer, and I think that any—the point I am trying to make is this, that any advantage the manufacturer may have through this common ownership of owning his railroad and owning his lumber mill is something that he is working for, and he keeps it, he does not give it away.

Commissioner Harlan: You mean he does not give it away in the

price of the lumber?

Mr. Davis: Yes.

Commissioner Harlan: But does not be accumulate it in the less

cost of manufacturing lumber?

Mr. Davis: One mill without a tram road may manufacture lumber \$1.00 a thousand less than one which does have a road. Some men may have poor sawmill managers. Those are conditions you cannot equalize by freight rates. The mills on the Louisiana & Pacific may sell lumber at a higher average rate than a mill on some other line. Those are matters which all have a bearing on the question.

Commissioner Harlan: Have you looked into the tap line question from a broad point of view to see what the practice

1604 is elsewhere?

Mr. Davis: Do you mean all over this section of the country?

Commissioner Harlan: Yes.

Mr. Davis: I have in a general way kept close touch with it for

the last few years.

Commissioner Harlan: Is it not true that the tap lines which do not receive divisions represent about as much capital and about as much mileage as the tap lines that do receive divisions?

Mr. Davis: I could not answer that. I do not believe that is true.

but I would not attempt to discuss that with you.

Commissioner Harlan: Assuming that is true, is there no advan-

tage in the divisions that are given to some of these lines?

Mr. Davis: I would have to know all the conditions surrounding the man who has a road and receives no divisions before I can answer that question. There may be some other compensations. That was brought out here last year when Mr. Park testified that he did not believe in taking divisions, but he would take \$4,000,000

or three and a half million dollars. Those are all matters which enter into the general question, and you would have to know all the facts before you could reach a decision. At least I would before I would answer the question.

Commissioner Harlan: But as a mere fact on the surface, as you

see the surface of things, it would make a difference?

Mr. Davis: It would make a difference just as two trunk lines, one running parallel to the other and one getting divisions and the other not getting divisions; one would operate at a loss and the other

may be paying operating expenses.

Commissioner Harlan: Well, but Mr. Davis, it seems to me you are looking at this thing from a little different aspect. Here are the surface conditions. Now assume that as many tap lines do not get allowances and have as much mileage as those that do, and assume also there is a certain average cost per mile, a certain average degree of efficiency, to use the term which has been used once recently. Assume all those conditions, and we have got to assume them for the general purposes in philosophizing about these things. Does the division make any difference?

Mr. Davis: It is bound to make a difference, as I say, if

you take two lines, one getting a division and the other operating under similar conditions and not getting a division, if it has not any other means of support, it is bound to make a difference, as a railroad proposition; that is the way I view it. But whether or not it makes a difference to a man who has a railroad and will not take a division or not, I cannot say.

Mr Garwood: Would not the considerations suggested which would tend to show that the man who owns the tap line has a supposed or possible advantage over one that does not, apply equally as strongly to the man who had the large, improved and modern sawmill as against the man who has the small unimproved and ancient

machinery and poor operation?

Mr. Davis: I should think so, yes, sir, without question.
Mr. Garwood: And do not all of those general considerations to which your attention has been called, go rather to the size of the investment and the manner of conduct of the industry?

Mr. Davis: Yes, sir.

Mr. Garwood: A railroad assumes heavier liabilities first as a common carrier of freight, does it not?

1607 Mr. Davis: That is my understanding, yes, sir.

Mr. Garwood: It is a guarantor, except as against the act of God and the common enemy; it is also subject to heavy libilities for damages of all character, is it not?

Mr. Davis: It is.

Mr. Garwood: It complies with excessively burdensome regulations, both State and Federal?

Mr. Davis: Yes. sir.

Mr. Garwood: It is compelled under severe penalties, to receive all freight tendered to it, to properly equip and operate its cars, and so forth, with all of those liabilities, and not only direct liabilities but possibly heavy losses, counting also the interest upon the heavy investments, it is not more than likely that the man with the tap line, in so far as possible loss is concerned and the general risks of a large and heavy business, is in a worse condition than the man who has no tap line investment?

Mr. Davis I should think so. That is a pretty long question and

covers a good deal of ground.

Mr. Garwood: I intended it to, because it does cover a good deal of ground.

Mr. Davis: But I think your proposition that the man that 1608 is burdened with the railroad, as you mean?

Mr. Garwood: Yes.

Mr. Davis: Yes. sir: he is up against it.

Commissioner Harlan: Well. Mr. Davis, if he is burdened with a railroad that carries 98 per cent of his traffic, is that liability to loss a very serious one, and if 100 per cent of the traffic is his traffic where is the liability that the other fellow does not have?

Mr. Garwood: I have seen single damage suits in Texas which resulted in verdicts for damages which would wipe off many of the

tap lines which have appeared before your Honor.

Mr. Cowan: I wonder why they incorporated, if there is any such

danger?

Commissioner Harlan: I come back just at this point, because it relates to the question—I asked Mr. Davis a moment ago whether he made any charge against the lumber company for hauling logs to the mill, and he said no. Now I would like to know whether that cost is not a very substantial element in the cost of producing lumber?

Mr. Davis: Well, that is a matter of record. I do not know a thing about the lumber business.

Commissioner Harlan: Well, but would you not, just from 1609 your practical experience in railroading—

Mr. Davis: As compared with whom?
Mr. Andrews: As a transportation item.

Commissioner Harlan: Would you not regard that as a practical element in the cost of the lumber f. o. b. the mill, the cost of getting the logs to the mill?

Mr. Davis: Yes, sir, the effect of that is shown in the cost of manu-

facture. To what extent I do not know.

Commissioner Harlan: Limiting the inquiry to just that item, you have said that in this particular case you make no charge against the mills that own this road.

Mr. Davis: No.

Commissioner Harlan: For hauling the logs to the mill?

Mr. Davis: That is right.

Commissioner Harlan: There are many other mills that have logging roads that receive no divisions and have to bear the burden of hauling the logs to the mill. Does not that make a difference in the cost of lumber f. o. b. the mill?

Mr. Davis: On the face of it I would imagine there would appear

to be some difference.

Commissioner Harlan: And that would be manifested would it not, where the man has to haul his logs by wagon?

1610 Mr. Davis: Pardon me I answer that question by stating that before I would attempt to form an opinion or concinsion I would like to know something about the conditions under which this other man was operating. I think it is only fair if you make a comparison of that kind that we get all the facts.

Commissioner Harlan: Well, you want to go back into the woods and see whether his men are working efficiently and go into his mill

and see if he has up-to-date machinery-

Mr. Davis: No.

Commissioner Harlan: And in that way you might find possibly

conditions would equalize themselves.

Mr. Davis: No. You see to illustrate, here is a man running a logging road of 20 miles, and he does not get a division, and another one alongside of him the same distance does. The practice of recognizing these roads if they perform a service to the public is almost universal, as well as this man that does not get a division is at a disadvantage or not is the question you asked me, and I answered that I would want to know why he did not incorporate his road and take a division before I answered the question. All incorporated roads receive divisions, so I do not think it is a fair comparison.

1611 Commissioner Harlan Well, if he does not take advantage

of his opportunity, then he is at fault.

Mr. Davis: He is at fault, and I do not think the Commission can help him on that, because there is something wrong with his make-us if he has a railroad and a transportation company, and

does not want to do business with any one.

Mr. Garwood: Relative to these milling in transit rates, suppose you shipped out from De Ridder a car of lumber, manufactured product, to a point to which your through rate did not apply, would there not then be a payment in such a case as that by the lumber company to the railroad company representing the cost of the transportation of the logs to De Ridder?

Mr. Davis: We charge them our regular local rates, was, sir-

Mr. Garwood: In such a case there would be a charge of the regu-

Mr. Davis: Yes, sir.

Mr. Garwood: And the other case is the ordinary application of milling in transit principle?

Mr. Davis: Yes, sir.

Mr. Garwood: Now I do not remember what divisions you 1612 stated you had with the Kansas City Southern.

Mr. Davis: Well, it runs, my recollection is, from one and

a half to five cents.

Mr. Garwood: Do you do any considerable amount of your business with the Kansas City Southern?

Mr. Davis: We have been doing considerable, yes, sir.

Mr. Garwood: When you deliver cars to the Louisiana Western at Lake Charles, what service do you perform there? I see from the map here that you have very extensive terminals there. What service would you perform in making those deliveries?

Mr. Davis: This map as I understand it, represents—this is the unloading part. The timber docks are here. In delivering to the Louisiana Western, we take timber right over this line, switch it back and deliver it to the Louisiana & Western at this point here.

Commissioner Harlan: What distance is it?

Mr. Davis: I should say about three-quarters of a mile.

Mr. Thurmond: It is a mile from here to here (indicating).

Mr. Davis: And the dressed lumber is loaded from this track here. We have several tracks in there and that is switched to the Louisiana & Western, and if it goes to the Kansas City 1613 Southern it is brought down here.

Commissioner Harlan: Did the Louisiana & Western never have

a track of its own along those sheds?

Mr. Davis: No, I do not think so; in fact, I am sure of it. That represents the Louisiana & Pacific.

Commissioner Harlan: I say did it ever have? Mr. Davis: I do not think they were ever in there.

Mr. Garwood: Can you state or have you any knowledge of the value of those terminals?

Mr Davis: I have not.

Mr. Garwood: I will not say the value. I will say the cost,

Mr. Davis: It is merely a matter of hearsay. I think they cost a matter of \$40,000 or \$50,000.

Mr. Thurmond: \$64,000. Mr. Davis: \$64,000 was it?

Mr. Blair: Before that shipment reaches Lake Charles say from the mill at Bonami, what haul has your road performed?

1614

Mr. Davis: 40 miles.
Mr. Blair: That is a haul of the finished product?
Mr. Davis: Yes.
Mr. Blair: That is the service you perform in connection with the other service for the four cent division, so far as the Southern Pacific is concerned?

Mr. Davis: Yes. Mr. Blair: You have a mill at Longville?

Mr. Davis: Yes, sir.

Mr. Blair: What length haul of the finished product do you perform in connection with the shipments delivered to the Louisiana Western at Lake Charles?

Mr. Davis: 25 miles.

Commissioner Harlan: Mr. Davis, do you know what assessment is made by the state authorities on main line track?

Mr. Davis: I do not, no, sir.

Commissioner Harlan: Mr. McLean, do you know what assessment is made by the state authorities on main line track?

Mr. McLean: No, sir, I do not.

Commissioner Harlan: Is it not \$2,500?

Mr. Rickey: \$1,500.

Mr. Garwood: I do not think he understands the question Commissioner Harlan: What valuation is assessed upon a mile of road by the state authorities for the purpose of taxation?

Mr. Blair: That differs with each road. They assess each 1615 road and sometimes different parts of the road at different valuations according to what they consider its value.

Commissioner Harlan: But is there not some general basis for

main line track? Mr. Blair: No, sir. Our main line is valued, # believe, at \$12,000 for some miles.

Commissioner Harlan: Is there some fixed valuation for logging lines?

Mr. Rickey: I do not know.

Commissioner Harlan: Do you know that, Mr. McLean?

Mr. McLean: No, sir, I do not. Mr. Thurmond: Mr. Davis, your road files its tariffs with the Interstate Commerce Commission?

Mr. Davis: It does.

Mr. Thurmond: You comply with the rules and regulations of the state authorities?

Mr. Davis: Yes, sir.

Mr. Thurmond: I am going to take this up one road at a time but I will ask if the same is true with the Woodworth & Louisiana Central and the Sibley, Lake Bistineau & South-1616 ern?

Mr. Davis: Yes, sir. Mr. Thurmond: Your Honor spoke about hauling by wagon. Is it not a fact that the lumber companies mentioned gather their logs up themselves and in their own way to the end of these termini of these branch roads?

Mr. Davis: What lumber companies? Are you talking about the

small man?

Mr. Thurmond: I am talking about these on the line of this road which has been referred to.

Mr. Davis: I understand that they build spurs out from the ter

minus of our track, and-

Mr. Thurmond: So that the lumber company does bring those logs to the terminus of your line and assemble them by team, the same as the other man would have to do.

Mr. Davis: 'That is generally understood, I think, everywhere.

Mr. Thurmond: They do that at their own expense?

Mr. Davis: Yes, sir.

Mr. Thurmond: His Honor said something about 98 per cent, where the mill owners were doing 98 per cent of the business. I would like to offer in that connection a certificate made by the

Louisiana, showing the percentage of lumber, logs and staves hauled by the various railroads in Louisiana. Answering directly your Honor's question, or in reply to that, I think the average lumber haul is about 66 miles, but noting some of these main line roads, the Rock Island is 68 per cent; the Santa Fe 92, and this particular road of ours is given in this list as 96 instead of 98. The Sibley, Lake Bistineau & Southern is 84, and the Woodworth & Louisiana Central 93. Those are comparative figures which may interest your Honor, and I would offer it.

(The paper so offered and identified, was received in evidence and thereupon marked Louisiana & Pacific Railway Exhibit No. 4, Witness Davis, received in evidence December 13th, 1910, and is attached hereto.)

Mr. Coleman: I think if you will look further you will find that is tonnage on the Santa Fe which terminates in Louisiana.

Mr. Thurmond: It shows for itself. You may take the witness.

Mr. Cowan: It is now half-past five, and I have a big job with him.

1618 Commissioner Harlan: We will adjourn the further hearing of this case until 9.30 tomorrow morning.

1619 After the hour of adjournment was stated the Commissioner proceeded with the hearing of the Arkansas Eastern Railroad.

Arkansas Eastern Railroad.

F. E. Gary, was called as a witness, and having been duly sworn, testified as follows:

Mr. S. P. Andrews: What position do you hold with the Arkansas Eastern?

Mr. Gary: President.

Mr. Andrews: How long is that road?

Mr. Gary: It is between six and seven miles in operation.

Mr. Andrews: It extends from where? Mr. Gary: From Turrell to Hafer.

Mr. Andrews: About six miles?
Mr. Gary: Between six and seven.

Mr. Andrews: Turrell is on what road?

Mr. Gary: The Frisco.

Mr. Andrews: What lumber company is at Turrell?

Mr. Gary: The Baker Lumber Company.

Mr. Andrews: Was this road built to Hafer prior to its incorporation, by the Baker Lumber Company?

1620 . Mr. Gary: It was.

Mr. Andrews: When was the road incorporated?

Mr. Gary: In 1907.

Mr. Andrews: After it was incorporated, is it a fact that the stock of the railroad company was taken by the stockholders of the Lumber Company?

Mr. Gary: Most of it was; a little of it was sold outside.

Mr. Andrews: The stockholders of the lumber company own a controlling interest in the railroad company?

Mr. Gary: Yes, sir.

Mr. Andrews: I would like to file—I do not know whether you have been taking them, a certified copy of the articles of association Commissioner Harlan: No, we have not been taking them.

Mr. Andrews: There was something on it that I wanted to call attention to.

Commissioner Harlan: It can be referred to.

Mr. Andrews: Very well. I offer a certified copy of the certificate.

(Paper not marked as an exhibit.)

Mr. Andrews: What is the capital stock of the railroad tocompany?

Mr. Gary: \$112,000.

Mr. Andrews: Divided into 1,120 shares.

Mr. Andrews: How much stock has been issued?

Mr. Gary: 425 Shares.

Mr. Andrews: And between what points has it been authorized to build its road?

Mr. Gary: From Big Creek to Earl, Arkansas. Mr. Andrews: What is that total distance?

Mr. Gary: Sixteen miles.

Mr. Andrews: And Earl is at a point on the Crittenden Railroad"
Mr. Gary: Well, on the Iron Mountain; it connects with the Crit-

tenden there; yes, sir.

Mr. Andrews: Have you had any negotiations with the owners of that Crittenden Railroad towards extending that road to Earl and form a connection with it or a consolidation?

Mr. Gary: Yes, sir.

Mr. Andrews: Why have you not completed the road from Hafter to Earl?

Mr. Gary: Well, we started to build before this agitation came up about the tap line and money was pretty tight for the last year or two, so we have not done it.

1622 Commissioner Harlan: What is that distance?

Mr. Andrews: It is sixteen miles total length, and they have built six miles from the town of Hafer.

Mr. Andrews: What is the population of Big Creek or Turrell? It seems to have two names.

Mr. Gary: About four hundred, I guess.

Mr. Andrews: And Earl, what is the population?

Mr. Gary: I think about one thousand, possibly more, maybe about fifteen hundred.

Mr. Andrews: What is the population of this town Hafer, where

the road now ends?

Mr. Gary: I should say in the neighborhood of two hundred people.

Mr. Andrews: Is there a post office there?

Mr. Gary: Yes.

Mr. Andrews: Please state whether or not you are constructing an extension beyond the town of Hafter towards Earl.

Mr. Gary: We have got three miles now of the dump thrown up

ready to put on the ties and iron.

Mr. Andrews: You say it is about ready to put on the iron and ties?

1623 Mr. Gary: Yes, sir; practically ready.

Mr. Andrews: Has the entire route of your railroad been surveyed?

Mr. Gary: Yes, sir.

Mr. Andrews: And a plat showing the location and alignment of the road has been made?

Mr. Gary: Yes, sir.

Mr. Andrews: And a profile?

Mr. Gary: Yes, sir.

Mr. Andrews: When was that made, was it shortly after you incorporated?

Mr. Gary: I think it was the same fall; it was incorporated in

June and that work was done that fall.

Mr. Andrews: Has this plat and profile been filed in the proper state offices in Arkansas?

Mr. Gary: Yes, sir.

Mr. Andrews: Have you a map showing the line already built as well as this projected line?

Mr. Gary: Yes, sir. This is not my regular railroad line.

(The map so offered and identified was received in evidence and thereupon marked Arkansas Eastern Exhibit 1, Witness 1624 Gary, received in evidence December 13th, and is attached hereto.)

(Witness explains map to the Commissioner.)

Mr. Andrews: From point A on that map at Turrell the road line extends from there to the point marked B, and B is at Hafer, is it?

Mr. Gary: Yes, sir.

Mr. Andrews: And that is the completed road?

Mr. Gary: That is the completed road.

Mr. Andrews: The extension is represented by another red line extending from B to a point marked C; is that right?

Mr. Gary: Yes, sir.

Mr. Andrews: That you say is about ready for the iron?

Mr. Gary: That is ready for the iron; yes, sir.

Mr. Andrews: The rest of your line from C to Earl on the Iron Mountain, no work has been done on that?

Mr. Gary: No work has been done on that.

Mr. Andrews: But it has been surveyed and the plat and profile made and filed?

Mr. Gary: Yes, sir.

Commissioner Harlan: There the proposed right of way meets the Crittenden Road?

Mr. Gary: Yes, sir. 1625

Mr. Andrews: What is the Baker Lumber Company, a corporation?

Mr. Gary: Yes, sir.

Mr. Andrews: An Illinois corporation?

Mr. Gary: Yes, sir. Mr. Andrews: Where is its mill?

Mr. Gary: At Turrell.

Mr. Andrews: What kind of lumber does it handle?

Mr. Gary: Hardwood.

Mr. Andrews: No vellow pine?

Mr. Gary: No.

Mr. Andrews: Who are its officers?

Mr. Gary: L. K. Baker, is president; I am vice-president and John W. Gary secretary and treasurer.

Mr. Andrews: Are any of the officers of the lumber company offi-

eers of the railroad company?

Mr. Gary: I am the only one. I am president of the railroad company.

Mr. Andrews: The organizations of the two companies are kept separate and distinct?

Mr. Gary: Yes.

Commissioner Harlan: Do you get a salary from both com-1626 panies?

Mr. Gary: No, not from the railroad company.

Commissioner Harlan: Does any other railroad officer get any salary?

Mr. Gary: Only the traffic manager.

Mr. Andrews: Have you a map showing the land originally owned by the lumber company?

Mr. Gary: Yes, sir.

Commissioner Harlan: What is the acreage?

Mr. Gary: 25,000 Acres.

Commissioner Harlan: That is originally owned?

Mr. Gary: Yes, sir.

Mr. Andrews: I wish to file this map showing the land originally owned by the Baker Lumber Company.

(The map so offered and identified was received in evidence and thereupon marked Arkansas & Eastern Exhibit No. 2, Witness Garv. received in evidence December 13, 1910, and is attached hereto.)

Mr. Andrews: How many acres did it originally own?

Mr. Gary: 25,000.

Mr. Andrews: Has it sold any of the lands? Mr. Gary: We have practically sold them all.

Mr. Andrews: Have you delivered deeds for a great part

of it?

1627

Mr. Gary: All those marked "S" have been deeded, and the balance are under contract.

Mr. Andrews: And on this map, this portion that is marked ping or red, was that your land originally?

Mr. Gary: Yes, sir.

Mr. Andrews: And deeds to that have not been given yet?

Mr. Gary: Deeds have not been issued. Well, possibly there are a few pieces of it have, but not all of it.

Mr. Andrews: But it has been sold?

A. It is under contract, yes, sir.

Mr. Andrews: And that marked "S", the deeds have been given?

Mr. Gary: Yes.

Mr. Andrews: The conveyances made to purchasers?

Mr. Gary: Yes, sir.

Commissioner Harlan: Different purchasers?

Mr. Gary: Yes.

Mr. Andrews: Was that sold in large or small tracts? Mr. Gary: Well, from 160 acres up to 1000 acres.

Commissioner Harlan: Had the land been cut over?

Mr. Gary: Yes, we sold it after we cut it over. Commissioner Harlan: It was sold for agricultural pur-

poses? Mr. Gary: Yes.

Mr. Andrews: What was the market value of that land when you sold it, on the average?

Mr. Gary: The first sale I made was \$5.00 an acre.

Mr. Andrews: What is it now selling for? Mr. Gary: From \$20.00 to \$30.00 an acre.

Mr. Andrews: That is what you call St. Francis bottom land, is it?

Mr. Gary: Yes.

Mr. Andrews: What equipment has this railroad company? Mr. Gary: We have three locomotives and about 50 cars.

Mr. Andrews: How do you get your logs from the woods to the main line or to the tap line?

Mr. Gary: To the tap line with teams. You mean from the tree"

Mr. Andrews: From the tree into Hafer?

Mr. Gary: We build spur tracks from Hafer into the woods.
Mr. Andrews: Who builds spur tracks into the woods?

Mr. Gary: The lumber company builds those.

Commissioner Harlan: Does the railroad company furnish

1629 the rail?

Mr. Gary: The railroad company furnishes the rail. They own all that rail. We build the tracks and the lumber company uses that as part of their logging plant, and they load the logs on to the car.

Commissioner Harlan: Who loads the logs?

Mr. Gary: The lumber company does all that work.

Mr. Andrews: Does the railroad company make any charge for the hauling of the logs from the woods to the junction with the tap line?

Mr. Gary: We make a \$20.00 a day charge, I think it is either \$20.00 or \$25.00. Mr. Andrews: \$25.00, is it not?

Mr. Gary: I think it is \$25.00 a day.

Mr. Andrews: They charge that and collect it from the Baker Lumber Company?

Mr. Gary: Yes, sir, for the train service.

Commissioner Harlan: For the train service on these tram lines?

Mr. Gary: Yes.

Mr. Andrews: Does that cover your expense in building the trans

Mr. Gary: No, those spur tracks are all done by the lumber 1639 company.

Mr. Andrews: You said the railroad company before.

Mr. Gary: I did not mean that.

Mr. Andrews: The rails are owned by the railroad company?

Mr. Gary: Yes.

Mr. Andrews: And loaned to the lumber company?

Mr. Gary: Yes.

Mr. Andrews: And the lumber company pays all the labor for moving the tracks?

Mr. Gary: Yes.

Mr. Andrews: Have you had an estimate made of the cost to the Baker Lumber Company for logging its timber or logs from the tree to the mill?

Mr. Cary: Well, my report last year shows what the yearly cost

Mr. Andrews: What was that?

Mr. Gary: It was between 7.50 and 7.75 for the year, all kinds of timber.

Mr. Andrews: Do you mean that was the average cost per thousand?

Mr. Gary: Average cost from the stump to the sawmill.

Mr. Andrews: To the mill at Turrell?

1631 Mr. Gary: Yes.

Mr. Andrews: \$7.50 to \$8.00?

Mr. Gary: A little over \$7.50, between \$7.50 and \$7.75.

Commissioner Harlan: That was the cost to the lumber company?

Mr. Gary: That was the cost to the lumber company. Commissioner Harlan: Of moving what quantity of logs?

Mr. Gary: It is hardly logs; that would be a thousand feet, \$7.50

a thousand. Commissioner Harlan: \$7.50 a thousand feet for felling the tree, loading the logs on the car, and taking them into the mill?

Mr. Gary: That was the lumber company's cost from the stump to the mill.

Mr. Andrews: You do not mean cutting the tree down?

Mr. Gary: Oh, yes. Mr. Andrews: I thought you meant getting the logs from the tree to the mill?

Mr. Gary: No, that is logging expense and all.

Mr. Andrews: You did not separate the cost of felling the tree from the cost of transporting the logs from the tree to the mill.

1632 Mr. Gary: We have each one of those items separate, but I do not know as I could tell vou.

Mr. Andrews: I would like to have the privilege of filing that in this case, that is the cost of the Baker Lumber Company, of getting the log that is cut down from the woods to the mill at Turrell.

Commissioner Harlan: That would be the figure he has just given less the cost of felling the tree and cross-sawing the tree.

Mr. Gary: Yes.

Mr. Andrews: That is all.

Commissioner Harlan: Let me ask, Mr. Gary, that figure you have just given includes some payment made by the lumber company to the railroad company, does it not?

Mr. Gary: I did not just eatch that.

Commissioner Harlan: You have just stated it cost \$7.50 a thousand feet. Is that log measure?

Mr. Gary: Yes, sir, log measure.

Commissioner Harlan: For felling the tree and cutting the log, and getting the log to the mill?

Mr. Gary: Yes, sir.

Commissioner Harlan: That is the cost to the lumber

1633 company?

Mr. Gary: That is the cost to the lumber company, yes, sir. Commissioner Harlan: What part of that, if any, is paid by the lumber company to the railroad company which hauls the logs to the mill?

Mr. Gary: It would be that train service.

Commissioner Harlan: You have not stated the basis of train service on logs to the mill?

Mr. Andrews: He said \$25.00 a day, they charged for the use

of the engines and equipment.

Commissioner Harlan: I thought that was on the logging road?

Mr. Andrews: Yes, sir.

Commissioner Harlan: I am talking now of an item of \$7.50

which fells the tree and gets the logs to the mill.

Mr. Gary: Well, of course, those are figures made up for my lumber business, and that means a total cost from the time it starts from the tree until it is landed at the mill.

Commissioner Harlan: Now does that mean in the pond?

Mr. Gary: We have no pond; we unload our logs from the car right on to the log deck.

1634 Commissioner Harlan: You must pay some service to the railroad company, something to the railroad company for its service?

Mr. Andrews: Only the through rate.

Commissioner Harlan: That was the point I wanted to get at. Mr. Gary: There is the milling in transit in that.

Commissioner Harlan: In other words, the lumber company does not pay your road anything?

Mr. Gary: Only what they get through this division.

Commissioner Harlan: Except this \$25.00 a day for operating the tram connections to the tap line?

Mr. Gary: Yes, sir.

Commissioner Harlan: So that the lumber company gets its logs hauled to the mill free of charge?

Mr. Gary: Well, we figure that they get their portion through

the through rate when the lumber is shipped out.

Commissioner Harlan: There is no transaction between the railroad and the lumber company that results in the payment by the lumber company to your road for that service of hauling the logs to the mill?

Mr. Gary: We pay nothing more than that train service,

1635 no, sir.

Commissioner Harlan: So then there really is a free haul of the logs, so far as the railing company is concerned?

Mr. Gary: Yes, the Baker Lumber Company pays for hauling

it, though.

Commissioner Harlan: Do you as a railroad haul logs over your line for any other lumber company?

Mr. Gary: Yes, sir.

Commissioner Harlan: For whom?

Mr. Gary: Well, we are taking out some logs at the present time for the Wisarkana Lumber Company.

Commissioner Harlan: To what mill are those logs hauled? Mr. Gary: That is the Wisarkana mill up at Nettleton, Arkansas; it is state business.

Commissioner Harlan: It goes beyond your line? Mr. Gary: Yes, sir; it is turned over to the Frisco.

Mr. Andrews: I had not overlooked that. I was going to ask the traffic man about hauling that stuff.

Commissioner Harlan: Well, do you charge that company for

hauling the logs on your line?

Mr. Gary: As I understand, it would be charged the tariff rate.

1636 Commissioner Harlan: The local Arkansas rate?

Mr. Gary: I think so; I am not very familiar with that.
Mr. Andrews: I will put the traffic man on to show what he charges
for that and what industries are there.

Commissioner Harlan: Who loads the logs on your cars?
Mr. Gary: The Baker Lumber Company loads their own.

Commissioner Harlan: Your railroad men do not participate?

Mr. Gary: No.

Mr. Andrews: Who unloads them from the cars?

Mr. Gary: The Baker Lumber Company.

Commissioner Harlan: Your railroad men do not participate in that?

Mr. Gary: No.

Commissioner Harlan: Then your railroad employees, your train and track crews, do no labor at all for the lumber company?

Mr. Gary: No.

Commissioner Harlan: But the clerks in the lumber company office do?

Mr. Gary: No.

Commissioner Harlan: You have a clerk who does that work for the railroad company?

1637 Mr. Gary: Yes, sir.

Commissioner Harlan: He is paid by the railroad?

Mr. Gary: Yes, sir.

Commissioner Harlan: And receives nothing from the lumber company?

Mr. Gary: Well, I did not know that he was, but he was just telling me that he did get a small part of his salary from the lumber

company.

Commissioner Harlan: That seems usually to be the case that the clerk who serves the railroad has not enough to do, so he also serves the lumber company and is a joint employé and is paid by both. I assume that is so with yours.

Mr. Gary: I understand from him today that he does get some of his pay from the lumber company. I did not know it. I should

have asked that question, but did not.

Commissioner Harlan: But you do not?

Mr. Gary: No.

Commissioner Harlan: Do you remember the total tonnage you moved last year?

Mr. Gary: I have not those figures.

Mr. Andrews: I am going to give the revenue and as much as we can of that data from the traffic man.

1638 Commissioner Harlan: I think of nothing else from Mr.

Gary.

(Witness excused.)

H. F. Willis, was called as a witness, and having been duly sworn, testified as follows:

Mr. Andrews: Where do you live?

Mr. Willis: Turrell, Arkansas.

Mr. Andrews: How long have you been connected with the Arkansas Eastern Railway?

Mr. Willis: A little over three years.

Mr. Andrews: If you are in the employ of the lumber company, please state as briefly as you can what your duties for the lum-

ber company are?

Mr. Willis: Originally I was not in the employ of the Baker Lumber Company; my employment originally was to attend to the railroad work. Later on there was a small amount of clerical work given to me belonging to the Baker Lumber Company's work for which a small portion of my salary is paid; that is an additional allowance was made me for that work.

1639 Mr. Andrews: You do not do anything else for the lum-

ber company except what you have spoken of?

Mr. Willis: That is all.

Mr. Andrews: Please state to the Commissioner what industries are on the line of this railroad?

Mr. Willis: We have two cotton gins, a stave mill and general merchandise store.

Mr. Andrews: Where is this store?

Mr. Willis: At Hafer.

Mr. Andrews: Is there a postoffice at Hafer?

Mr. Willis: Yes, sir, there is a postoffice at Hafer.

Mr. Andrews: Do you know whether or not there is another tave factory about to be erected on the line of the road?

Mr. Willis: We have just about completed the arrangements for another stave factory to locate on our line, the plant of which will .ost about \$35,000.

Mr. Andrews: There is a saw mill, I understand, also on the line?

Mr. Willis: There is a saw mill south-

Mr. Andrews: On this extension, excuse me,

Mr. Willis: Yes, sir, south of Hafer, which we are now endeavoring to reach with the extension of the road, or which we will reach with the extension of the road which has been testified

Mr. Andrews: That saw mill, does it belong to the Baker Lumber

Company?

Mr. Willis: No, sir, the Baker Lumber Company has no connection with it absolutely.

Mr. Andrews: You expect to get the movement of that lumber on your road to Turrell?

Mr. Willis: We will get that movement.

Mr. Andrews: Is there any other way for that lumber to go out?

Mr. Willis: Only by wagon, hauling it 8 to 10 miles.

Mr. Andrews: These industries you have spoken of, have they all been located on this line since your connection with it?

Mr. Willis: Yes, sir, with the exception of the stave mill; it was just about ready for operation when I left there, as I remember it. Mr. Andrews: How much cotton will you carry this year?

Mr. Willis: About 300 bales, possibly a little more than that. Mr. Andrews: What amount of cotton do you estimate you 1641 will carry next year?

Mr. Willis: We should handle from 1500 to 2500 bales

next year, if crop conditions are the average.

Mr. Andrews: I understand they are now opening a county road from Hafer west; is that true?

Mr. Willis: Yes, sir.

Mr. Andrews: Will this increase your traffic, and if so, why?

Mr. Willis: It will give us a connection with the well developed farming community over there in that territory, from which our information is that we should get next year 1000 to 1500 bales of cotton alone.

Mr. Andrews: How far is this community from Hafer?

Mr. Willis: It would be about four to five miles from Hafer, but nearer to that extension that we are making.

Mr. Andrews: Has that community any other railroad reaching

Mr. Willis: No, sir.

Mr. Andrews: Or is your road the nearest one?

Mr. Willis: Our road is the nearest, and will be the proper road to serve it.

Mr. Andrews: How near is any other railroad to it?

1642 Mr. Willis: 8 to 10 miles away.

Mr. Andrews: Had you through rates on cotton before the railroads cancelled your through rates?

Mr. Willis: Yes, sir.

Mr. Andrews: Through rates to where?

Mr. Willis: To Memphis points; that is our cotton market.

Mr. Andrews: Did you have any through rates on your classes

and commodities, both in and out?

Mr. Willis: No, sir, we did not. The necessity for class and commodity rates had developed about a year and a half ago, and I had had the matter up with the Frisco traffic department, and they had agreed with me on putting in class and commodity rates both in and out, and it only lacked the detail of making up the tariffs about the time that this last agitation of the tap line question came out, and then they declined to put them in. They said that they thought we had better just stop where we were until the whole question was settled.

Mr. Andrews: At the present time, then, cotton that is being shipped from Hafer through to Memphis does not move under the joint rate?

Mr. Willis: It moves on the combination of the two locals.

Mr. Andrews: What per cent of land adjacent to this road had been made ready for cultivation, approximately?

Mr. Willis: Well, about 60 per cent of it, I should judge, has been made ready for cultivation in its different stages; not all of it absolutely ready to plow, but deadened and cut down.

Commissioner Harlan: You refer to the land of the Baker Lum-

ber Company?

Mr. Willis: Yes, sir, the land adjacent to the road through that

territory.

Mr. Andrews: Immediately adjacent on either side of the road? Mr. Willis: Well, my answer would apply to that general territory through which that line runs.

Mr. Andrews: How does this acreage compare with what it was

two years ago?

Mr. Willis: Well, 200 to 300 per cent increase, I would say.
Mr. Andrews: There is a man named Hafer who lives at the town

of Hafer. What acreage has he in cultivation now?

Mr. Willis: I think he got in about 600 acres this year. Last year he probably had in 400, and the year before that I am quite sure he did not have in over 200, and then it was in rather a raw state.

Mr. Andrews: Now what has been the growth of Hafer during

the past three years, the number of buildings or houses?

Mr. Willis: Three years ago there was practically nothing there, one or two or possibly three houses. Now I should think they have got 25 to 30 houses there.

Mr. Andrews: Has the railroad company a team track at Hafer?

Mr. Willis: Yes, sir.

Mr. Andrews: Accommodating how many cars?

Mr. Willis: Six or seven cars.

Mr. Andrews: Name your stations from Turrell, on your road, the first station from Turrell?

Mr. Willis: Sousa, Wise and Hafer.

Mr. Andrews: In billing the logs that go through, I mean to Turrell for beyond, from what point do you bill them? Mr. Willis: Those logs are all billed from Wise.

Mr. Andrews: Why not from Hafer?

Mr. Willis: Well, at the time the through rates were put in that was the farthest station out, and the tariffs have never been corrected to read Hafer yet.

1645 Mr. Andrews: Well, where do you bill your cotton from

that you get from the gins at Hafer?

Mr. Willis: That is billed from Hafer.

Mr. Andrews: About what population does your road serve approximately?

Mr. Willis: I think between 2000 and 3000 people at the present

time.

Mr. Andrews: And what population has this particular district that you say will be reached by the county road, how much will that add to the population served by your road?

Mr. Willis: I understand about 1500 people, 1000 to 1500, I sup-

nose.

Mr. Andrews: What extent of territory would you say on each side of your road does your road serve. I mean that has a population?

Mr. Willis: Well, we expect to draw an average territory of be-

tween five to ten miles.

Mr. Andrews: Is it settled back from your road for quite a distance?

Mr. Willis: It is settling and will be settled.
Mr. Andrews: How far is it settled back now?
Mr. Willis: Oh, back that distance even.

Mr. Andrews: By the way, what cars do you use in shipping cotton from Heir?

Mr. Willis: We use cars com the Frisco connection.

Mr. Andrews: Foreign cars?

Mr. Willis: Yes, sir, foreign cars.

Mr. Andrews: Have you a per diem rule in force on foreign cars on your road?

Mr. Willis: Yes, sir.

Mr. Andrews: I wish you would describe very briefly the method of handling logs from points on your road to Turrell for beyond?

Mr. Willis: They are moved under the usual milling in transit arrangement; that is, the logs originate out on the line and move into Turrell or other points for milling, and then one or two cents is deducted on the through rate.

Mr. Andrews: The billing is from the point where you accept

Mr. Willis: Yes, sir.

Commissioner Harlan: Is that so? Did you not say the lumber is billed from Wise?

Mr. Willis: Yes, sir

Mr. Andrews: I will change that. He explained why it 1647 was billed from Wise, because the present tariffs had never been changed and they stopped at Wise, and the published through rate in the Frisco tariffs, as I understand, gives a rate from Wise.

Mr. Willis: That is the farthest point out that a rate has been published from.

* Commissioner Harlan: But as a matter of fact you haul it over your main line from some point beyond?

Mr. Willis: Yes, sir.

Mr. Andrews: State the divisions you receive on lumber or on

interstate shipments?

Mr. Willis: On interstate shipments, one and one-half cents to Memphis on a six cent rate; two cents to Thebes on a 10 cent rate; three cents to St. Louis on a 12 cent rate, and three cents to Kansas City on a 12 cent rate.

Commissioner Harlan: Is three cents the highest division?

Mr. Willis: Three cents is the highest division we receive.

Mr. Andrews: How do these divisions on lumber compare with your divisions on cotton?

Mr. Willis: They are less than the division we did have on cot-

ton.

Mr. Andrews: What was your division on cotton?

1648 Mr. Willis: Out of a rate of \$1.00 per bale to Memphis, we received 35 cents per bale.

Mr. Andrews: Has your company paid any dividends?

Mr. Willis: No.

Mr. Andrews: What have you done with your surplus, if you have had any?

Mr. Willis: It has been used in additions and betterments to the

road, that part of it that has been used.

Mr. Andrews: What is the amount of freight revenue for the year ending June 30th, 1910?

Mr. Willis: \$17,161.95.

Mr. Andrews: What was the amount of that freight revenue during the said year from freight other than lumber on which you got divisions?

Mr. Willis: Well, it is not other than lumber.

Mr. Andrews: Well, what is it?

Mr. Willis: It is business other than that of which the holding company, or whatever it is termed, was interested.

Mr. Andrews: You mean the Baker Lumber Company?

Mr. Willis: Yes, sir.

Mr. Andrews: I will get that straight now. What is it, the amount of freight revenue during that year from freight other than the logs—

Mr. Willis: Other than business with which the Baker

Lumber Company was interested.

Mr. Andrews: All right. Put it that way.

Mr. Willis: \$5,111.04.

Mr. Andrews: What were the operating expenses for that fiscal year?

Mr Willis: \$23,130.80.

Mr. Andrews: Did you pay any taxes, and how much?

Mr. Willis: \$1,224.70.

Mr. Andrews: Making a total of what?

Mr. Willis: \$24,355.50.

Mr. Andrews: Now your freight revenue was \$17,161.95. Did you have any non-transportation revenue?

Mr. Willis: Yes, sir, \$7,775.

Mr. Andrews: What was that for?

Mr. Willis: That was for special service out on the logging road, the \$25.00 a day service.

Mr. Andrews: Those two together made a total of how much?

Mr. Willis: \$24,936.95,

Commissioner Harlan: That is gross revenue from all 1650 sources?

Mr. Willis: Yes, sir.

Mr. Andrews: Leaving a surplus for the year of-

Mr. Willis: \$581.45.

Mr. Andrews: You have not any bonded debt?

Mr. Willis: No, sir.

Mr. Andrews: You have filed concurrences in interstate tariffs and make annual and monthly reports to the Interstate Commerce Commission?

Mr. Willis: Yes, sir.

Mr. Andrews: Is your present equipment sufficient for your present track?

Mr. Willis: Yes, sir.

Mr. Andrews: You operate your trains regularly?

Mr. Willis: Yes.

Mr. Andrews: How many?

Mr. Willis: We operate a daily service and sometimes one and sometimes two trains a day.

Mr. Andrews: Do you carry passengers?

Mr. Willis: No.

Mr. Andrews: Have you furnished the Arkansas Tax Commission a list of your taxable property?

Mr. Willis: We are required to furnish that return annu-

1651 ally.

Mr. Andrews: Has the road been assessed as a railroad in rkansas?

Mr. Willis: Yes, sir; we are assessed the same as other railroads.

Mr. Andrews: Have you a local tariff?

Mr. Willis: Yes, sir.

Mr. Andrews: We would like to file a copy of it.

Commissioner Harlan: Very well. It is not filed with the Interstate Commerce Commission?

Mr. Willis: No, sir, it is a local tariff.

(The paper so offered and identified, was received in evidence and thereupon marked Arkansas Eastern Railroad Exhibit 3, Witness Willis, received in evidence December 13th, 1910, and is attached hereto.)

Mr. Andrews: Has the railroad company a depot at Turrell?

Mr. Willis: We have a freight house there.

Mr. Andrews: Do you handle any carload shipments? Mr. Willis: Yes, sir, considerable amount of them.

Mr. Andrews: Well, you handle all traffic, I suppose, that that general store at Hafer gets?

Mr. Willis: Absolutely all of it.

1652 Commissioner Harlan: Is that a company store?

Mr. Willis: It has no connection whatever with the com-

Mr. Andrews: About that Wisarkana Lumber Company, where is

their timber tract, how far from the tap line?

Mr. Willis: They acquired a timber tract about two miles from our main line, and arranged to get it handled out over one of the logging trams, and we have been handling that traffic out for them. It moved about 150 cars in the last two months of that business.

Mr. Andrews: Let me understand that. Does the railroad company own the tracks over which those logs move to the Arkansas

Eastern Railroad?

Mr. Willis: No, sir, those logs come up to the Arkansas Eastern over one of the Baker Lumber Company's tram roads.

Mr. Andrews: And where you connect with your Arkansas Eastern track is how far from Turrell?

Commissioner Harlan: What is that?

Mr. Andrews: I want to know where the tramway connects with the Arkansas Eastern, how far is it from Turrell.

Mr. Willis: That tram is about three miles out.
Mr. Andrews: About three miles from Turrell?

Mr. Willis: Yes, sir.

Mr. Andrews: What rate do you charge that lumber company for hauling those logs?

Mr. Willis: We have charged our local rate to Turrell.

Mr. Andrews: What is it?

Mr. Willis: Two cents.
Mr. Andrews: Two cents per 100 pounds?

Mr. Willis: Yes, sir.

Mr. Andrews: Does that include the movement from where they chop the trees down?

Mr. Willis: No. sir.

Mr. Andrews: Over the tram?

Mr. Willis: No, that is the movement over the Arkansas Eastern Railroad.

Mr. Andrews: Who hauls the logs from the woods up to the Arkansas Eastern Railroad?

Mr. Willis: Well, we do under that other arrangement of \$25.00 a day, which they arrange through the Baker Lumber Company.

Mr. Andrews: And that \$25,00 a day includes, as I understand, the expense of your engine and your train crew?

Mr. Willis: Yes, sir.

Mr. Andrews: That is practically all, is it not?

1654 Mr. Willis: Yes, sir.

Mr. Andrews: What cars do you use in hauling those logs for this Wisarkana Lumber Company?

Mr. Willis: Foreign equipment furnished by the Frisco Railroad.
Mr. Andrews: So you bring those cars out to your road and your
engine carries then, over the tram?

Mr. Willis: Yes, sir.

Mr. Andrews: Does your railroad company load them?

Mr. Willis: No.

Mr. Andrews: Your engine brings them back to the Arkansas Eastern?

Mr. Willis: Yes, sir.

Mr. Andrews: About three miles from Turrell?

Mr. Willis: Yes, sir.

Mr. Andrews: Then your engine takes the cars down to Turrell?

Mr. Willis: Yes, sir.

Mr. Andrews: And delivers it where?

Mr. Willis: To the Frisco.

Mr. Andrews: These logs are not removed from the car?

Mr. Willis: No.

1655 Mr. Andrews: They go through to the destination?

Mr. Willis: Yes, sir.

Mr. Andrews: The destination is an Arkansas point?

Mr. Willis: Yes, sir.

Mr. Andrews: That is where the mill is located?

Mr. Willis: About 50 miles from Turrell on the Frisco Railroad.

Mr. Andrews: I have not any other questions.

Commissioner Harlan: Your rate is a local rate to Turrell on that stuff?

Mr. Willis: Yes, sir.

Commissioner Harlan: That amounts to about how much a car?

Mr. Willis: About \$5.00 a car.

Commissioner Harlan: What is the weight of the logs, a carload?

Mr. Willis: We have no track scales and they are not weighed, and
we are using the minimum weight on the car.

Commissioner Harlan: You haul logs a much further distance for the Baker Lumber Company without making any charge, do you

not?

Mr. Willis: Yes, sir, we make a charge for that in the division of the trough rate.

1656 Commissioner Harlan: Do you make a charge against the lumber company?

Mr. Willis: We get a revenue for it in the division of the through rate for that haul.

Commissioner Harlan: Well, even so it is a much longer haul, is it not?

Mr. Willis: Yes. sir.

Commissioner Harlan: About twice-

Mr. Willis: About three miles. We would haul those same logs from the end of our line on the same rate.

Commissioner Harlan: But as a matter of fact you haul for the Baker Lumber Company some logs at a very much less rate than you haul for this lumber company for about half the distance?

Mr. Willis: Well, to figure it out it would perhaps be some less, but through rates generally are lower than local rates.

Commissioner Harlan: Yes. Now, Mr. Gary, let me ask at this point, did I understand that you had arranged—I infer the Baker Lumber Company, for the sale of all the lands not already sold?

Mr. Gary: Yes.

1657 Commissioner Harlan: And that would leave the Baker

Lumber Company without any timber?

Mr. Gary: Without any land there. We own more or less timber; well, we own all the timber on the land that we have not cut over, but we have made a contract with a man whose name is on the top of that—

Commissioner Harlan: You keep your timber rights and sell the

land?

Mr. Gary: Yes, sir.

Commissioner Harlan: Do your railroad employés do any loading of the logs on to the cars?

Mr. Willis: No.

Commissioner Harlan: Do not throw them off at the mill?

Mr. Willis: No.

Mr. Andrews: How many employés has the railroad company got in its exclusive service?

Mr. Willis: About 15.

Commissioner Harlan: How many locomotives?

Mr. Willis: Three.

Commissioner Harlan: How many cars?

Mr. Willis: About 50.

Commissioner Harlan: Now the mill is where in relation 1658 to the Frisco tracks?

Mr. Willis: It is at the junction of the Frisco and the Arkansas Eastern tracks.

Commissioner Harlan: Does the Baker Lumber Company ship out

dressed lumber for the most part?

Mr. Willis: No, sir, their lumber is all rough shaped hardwood

lumber.

Commissioner Harlan: It is loaded from the mill into the car

at the Frisco track?

Mr. Willis: It is loaded from the yard, they have to have a large storage track, at the end of the cars which are on the connecting track which joins the Frisco and Arkansas Eastern.

Commissioner Harlan: Does not the Frisco's spur track run down

to the mill?

Mr. Willis: The Frisco's spur track runs down to the mill, yes, sir.

Commissioner Harlan: A car is placed by the Frisco on that track?

Mr. Willis: Yes, sir.

Commissioner Harlan: A car is hauled out by the Frisco?

Mr. Willis: Yes, sir.

1659 Commissioner Harlan: So that you do not have any haul of the manufactured lumber?

Mr. Willis: We make no haul on the finished product of the lumber company, no, sir.

Commissioner Harlan: I believe that is all.

Mr. Andrews: If there are any statements, of course, we will be glad to furnish them.

Commissioner Harlan: Mr. Willis has already stated your gross

revenue and given the amount derived from other sources.

Mr. Andrews: Yes, but he has not given the tonnage. Commissioner Harlan: Do you haul lumber for any other than the Wisarkana Mill? Do you haul any staves?

Mr. Willis: Yes, sir, we haul staves for the stave company.

Commissioner Harlan: Where do they get their logs?

Mr. Willis: Their timber?

Commissioner Harlan: Their timber?

Mr. Willis: Out on the line-well, out on this Baker Lumber Company's tram lines.

Commissioner Harlan: Is that Baker Company's land?

Mr. Willis: Some of it, and some of it is not.

Commissioner Harlan: Well, for the most part?

1660 Mr. Wills: For the most part, yes, sir.

Commissioner Harlan: I would assume that that was the case.

Mr. Willis: Yes, sir; but on those lands that have not been sold there now a large lot of stuff has come off of those lines.

Commissioner Harlan: Does the Baker Lumber Company retain

the lumber rights on a lot of that?

Mr. Willis: They retain it, but they do not get it always; sometimes when the fellow comes in and buys it he finds he has got something pretty nice and he sells it.

Commissioner Harlan: You do not carry mail and express mat-

ter?

Mr. Willis: No.

Commissioner Harlan: Or passengers?

Mr. Willis: No. Our freight service is equal to the express. That is daily, and we do not carry any mail. Our railroad is used for getting the mail out to Hafer, but it is through no arrangement with the railroad.

Mr. Andrews: You carry the man that carries the mail, I suppose?

Mr. Willis: Yes, sir.

1661 Commissioner Harlan: Are there any mills around there that haul the logs to the mill?

Mr. Willis: You mean immediately there?

Commissioner Harlan: Well, in that general neighborhood?

Mr. Willis: Yes, sir, there was one small mill about 10 or 15 miles away down on the Frisco Line that hauled their logs to the mill or hauled them in over the Frisco, one or the other.

Commissioner Harlan: I think that is all.

Mr. Andrews: The hauling of the logs from the tree up to the tramway, how is that done, by teams?

Mr. Willis: That is done by teams.

Mr. Andrews: That is the first movement? Mr. Willis: That is the first movement.

Mr. Andrews: Then it is loaded on the tramway and it is pulled to the tap line?

Mr. Willis: Yes, sir; it requires teams in all cases to put logs to the tram.

(Witness excused.)

Mr. Andrews: I have a little technical matter here. I offer a certain article of the constitution of Arkansas, and some of 1662 the sections from the statutes of Arkansas regarding the incorporation of these roads, showing there is a Board in Arkansas composed of the Governor, Secretary of State and a number of officials who first pass on the public necessity of granting a charter, whether there is public necessity for the granting of the charter. So I offer this instead of bringing the book itself. I have had it compared, and it is correct.

(The paper so offered and identified, was received in evidence and thereupon marked Arkansas Eastern Exhibit No. 4, received

in evidence December 13th, 1910, and is attached hereto.)

Whereupon, an adjournment was taken as per the announcement of the Commissioner, to Wednesday, December 14th, 1910, at 9:30 A. M.

1663

NEW ORLEANS, LA., December 14, 1910.

Met pursuant to adjournment at 9:30 A. M.

Present: Parties as before.

Mr. Jeffery: Before resuming this morning, I have been requested by Mr. Albert S. Brandeis, of the Louisville & Nashville Railroad Company to request leave to file a brief if he sees fit in this case. I simply make the motion in his behalf.

Commissioner Harlan: Very well. The motion will be of record,

and some conclusion will be reached.

Mr. Jeffery: When I say in this case, I mean on the general

subject.

Commissioner Harlan: The Paragould & Memphis Railway, is that before the Commission this morning?

(No response.)

Commissioner Harlan. The Prescott & Northwestern.

Mr. McRae: Yes.

Commissioner Harlan: Will you report in the other room before Examiner Burchmore?

The Saginaw & Ouachita River.

Mr. Mehaffy: Yes.

1664 Commissioner Harlan: Will you also report with your witnesses in the adjoining room? I believe Mr. Davis was on the stand for the Louisiana & Pacific Railway when the adjournment was taken.

Mr. Thurmond: Yes, sir. Before proceeding, counsel for the intervenors have asked us for a copy of that trackage contract. Now,

it occurs to me it would clear up this whole situation and it will not take us very long, and possibly the Commission has not got the contracts fully in mind, and I believe it would save time to read these contracts. It is all right in here, all this question of operation, and all, in these three contracts, and if the parties have not them in mind, they can get them here.

Commissioner Harlan: Judge Cowan, will it facilitate your cross

examination?

Mr. Cowan: Of course the trouble about that is the consumption

of time. The holiday season is approaching.

Mr. Thurmond: I believe it will save the time of the Commission. Commissioner Harlan: I do not think I can undertake to carry the details of that contract. The Commission would have to examine them. 1665

Mr. Thurmond: I thought when we began that the Com-

missioner had the substance of them before him.

Commissioner Harlan: Well, we probably have. We will proceed. If you will, let me have them.

Mr. Thurmond: Those are my originals (handing papers).

Commissioner Harlan: Is Mr. Davis here? Will you resume the stand?

R. S. Davis, resumed the stand, and further examination continued.

Mr. Thurmond: I omitted to ask you about your membership in railway associations, car service associations. State what the fact is as to the Louisiana & Pacific Road in that respect.

Mr. Davis: We are members of the Western Weighing Association and Southern Car Service Association and the Louisiana Freight

Bureau.

Mr. Thurmond: You operate under the rules of those associations?

Mr. Davis: Yes, sir.

Mr. Thurmond: Have you track scales along the line?

Mr. Davis: Yes, sir, a track scale at De Ridder, Bonami 1666

Commissioner Harlan: You may proceed, Judge Cowan.

Mr. Cowan: For whom are you Traffic Manager?

Mr. Davis: The Louisiana & Pacific Railway, the Sibley, Lake Bistineau & Southern, and the Woodworth & Louisiana Central Rail-

Mr. Cowan: What individual employed you in that capacity?

Mr. Davis: Mr. Long.

Mr. Cowan: R. A. Long?

Mr. Davis: Yes, sir.

Mr. Cowan: And as Traffic Manager to whom do you make any report?

Mr. Davis: In regard to what? Mr. Cowan: What you do?

Mr. Davis: Well, I do not make very many reports. Mr. Long does not attempt to keep up with the details of the business.

confer with Mr. Sweet quite often. He is in active charge of the property.

Mr. Cowan: Do you make any formal official report to anybody?

Mr. Davis: If I am asked to I do, yes, sir.

Mr. Cowan: Well, do you?

1667 Mr. Davis: Well, I do not spend my time making reports. I don't understand your question.

Mr. Cowan: I am asking you if you make any formal written report to either of the railroad companies that you are traffic man-

ager for? Mr. Davis: About what, about my conduct?

Mr. Cowan: About anything.

Mr. Davis: If I am asked to I do, yes, sir.

Mr. Cowan: You might just say whether you make it or not. 1 do not know. You are asked this plain question, do you make any formal report?

Mr. Davis: If you will tell me what kind of an answer you want.

I will make it.

Mr. Cowan: Say yes or no. Mr. Davis: Well, if I am asked to make a report I make it, or if I have anything to report I make it.

Mr. Cowan: Well, you decline to answer the question?

Mr. Davis: No, sir, I do not.

Commissioner Harlan: Well, does it fall within the line of your duty to make formal and stated reports?

Mr. Davis: I should think so. I am simply an employé. Commissioner Harlan: Have you made such reports?

1668 Mr. Davis: I think so.

Commissioner Harlan: And does it fall within your duties to make special reports when requested?

Mr. Davis: I should think it would, yes, sir.

Commissioner Harlan: And have you made special reports of particular questions responsively to special requests?

Mr. Davis: I do not recall any particular reports, but I think I

have, yes.

Mr. Cowan: To whom did you make them?

Mr. Davis: Well, I would report to Mr. Long or Mr. Sweet. Mr. Cowan: As a matter of fact to whom did you make such

reports, if you made any?

Mr. Davis: I do not recall having made any particular reports now on any subject. If you will refer to any particular subject which you have in mind I will tell you.

Mr. Cowan: It would be impossible for me to, because I don't

Mr. Davis: It is impossible for me to pick out some particular

subject and say I made a report on that subject.

Mr. Cowan: Have you as traffic manager of either one of these railroad companies made annual, quarterly or at any other stated period, reports of the operation of the traffic department of

such railroad? 1669

Mr. Davis: No, sir.

Mr. Cowan: Now have you reported the business you have been carrying on to anybody, verbally, or otherwise?

Mr. Davis: Yes, sir.

Mr. Cowan: And to whom did you make such report?

Mr. Davis: To Mr. Sweet.

Mr. Cowan: Who is Mr. Sweet?

Mr. Davis: He is Vice-President of the company.

Mr. Cowan: Which company?

Mr. Davis: The Louisiana & Pacific and the other two companies named.

Mr. Cowan: And is he also an official of each one of the lumber companies served by those roads?

Mr. Davis: I understand he is, yes, sir.

Mr. Cowan: Are you traffic manager also for any lumber company?

Mr. Davis: No.

Mr. Cowan: Who is the traffic manager of the lumber companies

which your line serves?

Mr. Davis: Mr. Cowan, my relation to those companies is exactly the same as Mr. Hershey's of the Santa Fe. He looks after
1670 the traffic on the line and the shippers on the line look to me to furnish them with rates and cars and handle their claims and handle all matters pertaining to traffic.

Mr. Cowan: Is there a traffic manager of either one of the lumber companies, or of all of the lumber companies in the aggregate?

Mr. Davis: No. sir, I do not know of any.

Mr. Cowan: In dealing with each of these lumber companies

respecting their traffic, with whom do you deal?

Mr. Davis: I would deal with the party who brought up the particular subject that was before me; maybe the manager of the mill, maybe the shipping clerk, the man who wrote the letter——

Mr. Cowan: There is no particular individual representing a control of the traffic of either lumber company, with whom you customarily deal?

Mr. Davis: No, I think the control of the traffic is governed by

the contract under which we are operating.

Mr. Cowan: Who do you understand controls the traffic?

Mr. Davis: The Louisiana & Pacific, or the Woodworth & Louisiana Central, or the Sibley, Lake Bisteneau & Southern.

Mr. Cowan: And they control the traffic of the respective lumber mills which were situated on their line and are served by them?

Mr. Davis: No, sir; of the particular mills you have in mind,

the mills in which Mr. Long is interested.

Mr. Cowan: Well, that is what I mean.

Mr. Davis: There are other mills on the line that use their own

judgment in the matter of routing.

Mr. Cowan: Well, that is what I mean. And you are the officer of the Louisiana & Pacific, the Sibley, Lake Bisteneau & Southern, and this other railroad, whatever the name is, who performs the service with respect to the control of the traffic?

Mr. Davis: Yes, sir. I have general supervision over it.

Mr. Cowan: Now, what control have you over the traffic? Do you direct what connecting lines it shall move over by any general rules which you issue to anyone, or by special directions in each shipment?

Mr. Davis: We are talking of lumber are we?

Mr. Cowan: Lumber of the Long-Bell Lumber Companies.

Mr. Davis: That is what you want to know about?

Mr. Cowan: Yes.

1672 Mr. Davis: We attempt to carry out the contracts the best we can, but the car supply controls the routing.

Mr. Cowan: A shipment from a station on the line of the Louisiana & Pacific must move either over the Frisco or the Southern Pacific lines first?

Mr. Davis: Not necessarily, no.

Mr. Cowan: Well, the Kansas City Southern then, I believe you stated?

Mr. Davis: Or the Iron Mountain.

Mr. Cowan: And many of the shipments go to points beyond each one of these lines?

Mr. Davis: Yes, sir.

Mr. Cowan: Who directs the routing from the point of origin to the destination?

Mr. Davis: We undertake to do that, unless there is some specific routing given by the shipper. In a number of cases we leave it to the connecting line.

Mr. Cowan: Well, who is the shipper?

Mr. Davis: Well, the shipper would be the man who loaded the car and delivered the car to us for transportation.

Mr. Cowan: And that would be one of these lumber companies? Mr. Davis: Yes, sir, or somebody else on the line.

Mr. Cowan: And they have turned over to the Louisiana 1673 & Pacific and the other lines for which you are traffic manager. the full right to control that routing?

Mr. Davis: Why, yes, they do not know anything about routing.

I imagine.

Mr. Cowan: Have you submitted the names of the lumber companies which belong to the Long-Bell interests and are served by these railroads? Has that list been submitted—I suppose it will be.

Mr. Thurmond: I handed to the Commissioner a list of the stockholders in each of the four companies on the line in which Mr. Long Was it put into the record and marked?

Commissioner Harlan: Yes, it was put in last night, I believe. Mr. Cowan: We should like to have the amount of the holdings, as well as the list of the stockholders.

Commissioner Harlan: I think the list in its present form is not complete, and I so stated yesterday, that it ought to show the respective holdings in order to be of service.

Mr. Thurmond: There is such a bunch of them that I will have to ask to hand it in later, if you want it in that detail. Commissioner Harlan: I would like it to show what the

list was in 1910, indicating any change since that date.

Mr. Cowan: When were you employed, Mr. Davis, as traffic manager?

Mr. Davis: I was employed, I believe, in 1903.

Mr. Cowan: And you made your contract with Mr. Long?

Mr. Davis: No.

Mr. Cowan: Mr. Sweet? With whom did you make it?

Mr. Davis: Mr. Long simply employed me; I did not know whether I was going to be there a month or ten years.

Mr. Cowan: You agreed upon some salary, I presume?

Mr. Davis: Yes, the salary was agreed upon, I guess; I did not have much to say about the salary.

Mr. Cowan: Well, who designated how much you would get?

Mr. Davis: Mr. Long.

Mr. Cowan: Previous to that time what was your position with that business or industry?

Mr. Davis: Well, previous to that time I was with the Cotton

Belt for about 20 years.

Mr. Cowan: Were you at any time employed by any of these lumber companies before the organization of the rail-road?

Mr. Davis: When I went over to Kansas City I was employed as Traflic Manager of the Long-Bell Lumber Company, and was also traffic manager of two lines in which Mr. Long was interested; one was the De Ridder & Eastern and the other the Louisiana & Pacific Railway.

Mr. Cowan: And you were employed by Mr. Long in both these

capacities?

Mr. Davis: Yes.

Mr. Thurmond: That was not the present Louisiana & Pacific?

Mr. Davis: No.

Mr. Thurmond: It was a road which ran out east.

Mr. Davis: No, when we reorganized and made a railroad out of those properties, I was appointed traffic manager, and I do not think it is worth while quibbling over that. I am traffic manager of everything and my duties are to look after the traffic, and I try to do it.

Mr. Thurmond: No. Counsel understands that the Louisiana

& Pacific there was not the Louisiana & Pacific at this time?

Mr. Cowan: I just wanted to get your relation to the business industries previous to the time of the organization of the present

1676 company.

Mr. Davis: Previous to that I was Traffic Manager of the Long-Bell Lumber Company, and also Traffic Manager of these two short lines.

Mr. Cowan: And no one took your place as Traffic Manager of

the lumber company?

Mr. Davis: Well, the Long-Bell Lumber Company—the business of that company, the Pacific Coast business, is handled by Mr. Breckenridge and the retail yard business is handled by Mr. Lewis. I have nothing to do with it.

Mr. Cowan: By that you mean the traffic or the sales?

Mr. Davis: The routing of the freight.

Mr. Cowan: The routing of the freight?

Mr. Davis: Yes.

Mr. Cowan: You have nothing to do with that?

Mr. Davis: No.

Mr. Cowan: So that the Louisiana & Pacific then does not control that?

Mr. Davis: They have absolutely nothing to do with it.

Mr. Cowan: Where do you keep your office?

Mr. Davis: We are in the R. A. Long Building, sixth floor. Kansas City.

1677 Mr. Cowan: Have you any assistants, any persons who assist you as traffic manager?

Mr. Davis: I have a chief clerk, chief rate clerk, two claim clerks and three stenographers.

Mr. Cowan: Who employed them?

Mr. Davis: I did.

Mr. Cowan: Who pays them?

Mr. Davis: The expense is divided between the three companies named a short time ago.

Mr. Thurmond: The three railroad companies? Mr. Davis: The three railroad companies, yes, sir.

Mr. Cowan: Are there vouchers and accounts made out and sent in to the Auditor for the payment of these people?

Mr. Davis: We receive the money direct, separate accounts; it

comes from the railroad company.

Mr. Cowan: Are either one of these persons whose names you have given as assistants—or rather you did not give the names, but that you mentioned as being assistants—are they employed by the lumber company?

Mr. Davis: No. sir.

Mr. Cowan: Do they perform any service for the lumber company?

1678 Mr. Davis: Nothing except in an indirect way. Our principal business is lumber, and we are naturally performing all the service we can to further the interests of those lumber men. don't know just what-

Mr. Cowan: You are doing the same thing, of course, to further

their interests?

Mr. Davis: Yes, sir; anybody on the line who wants me to do something for him, I am willing to do it.

Mr. Cowan: Where is the office of these lumber companies, the R.

A. Long interests?

Mr. Davis: The King-Ryder Lumber Company is located at Bonami; the Hudson River Lumber Company at De Ridder; the Long-Bell Lumber Company at Longville, and the Calcasieu Long Leaf Lumber Company at Lake Charles.

Mr. Cowan: Do they have any general sales agent or other gen-

eral agent at Kansas City?

Mr. Davis: I understand that the sales of those companies—the sales department, rather, is represented in Kansas City by Mr. Nelson.

Mr. Cowan: Where does Mr. Nelson have his office?

Mr. Davis: Kansas City.

Mr. Cowan: The same building you are in?

Mr. Davis: Yes, sir.

1679 Mr. Cowan: The same suite of offices?

Mr. Davis: No. Mr. Cowan: Adjoining?

Mr. Davis: No, sir.

Mr. Cowan: Do you and Mr. Nelson consult with respect to the routing of the freight which he sells?

Mr. Davis: Occasionally, yes, sir.

Mr. Cowan: When were there any directors' meetings held by either of these railroad companies for whom you are traffic manager?

Mr. Davis: I cannot answer that.

Mr. Cowan: Did you attend any such meetings?

Mr. Davis: No, sir, I am not a director,

Mr. Cowan: When the sales agent makes a sale does he notify you of the fact and the amount of the sale and the place where it is to be delivered?

Mr. Davis: No. sir.

Mr. Cowan: He gives you no information about it?

Mr. Davis: We have information as to the shipments and furnish routing on them.

Mr. Cowan: Who gives that?

Mr. Davis: I do, my office.

Mr. Cowan: I know you give the routing, but who gives you the information that a shipment is to be made?

Mr. Davis: Mr. Nelson's office.

Mr. Cowan: The general sales agent?

Mr. Davis: Yes, sir.

Mr. Cowan: And that is done in all cases, I assume?

Mr. Davis: I should think so. In a number of cases the shipper has some specific routing, I believe, mentioned in the order, and we simply follow that out.

Mr. Cowan: In routing a shipment you use the rate which of

course pays your company the best results, if you can?

Mr. Davis: We aim to get all we can, yes, sir; but in routing shipments we give the mill the benefit of every available route, for the reason that the car supply controls the routing.

Mr. Cowan: What are your divisions with the Frisco?

Mr. Davis: They range from two to five and a half cents. I can

give you that-

Mr. Cowan: Perhaps you could state in a short way the general proposition, the territory to which this division and that division applies by the different lines.

Mr. Davis: I think I can.

Mr. Cowan: And then you may file the division sheets and save a little time that way.

Mr. Davis: Well, Oklahoma points, with the exception of certain lines, the M. K. & T., for example, gets 5 cents, and the M. K. & T. gets 4¾ cents. In Texas we get all the way from 1¾ cents up to

5½ cents, 1¾, 2¼, 4.1, 2¼, 4½—I can give a complete statement of that if you wish it.

Mr. Cowan: On what lines or what systems or to what groups do

you get these different divisions, or does it go that way?

Mr. Davis: To what railroad?

Mr. Cowan: Yes. When you call the divisions, you might state. Mr. Davis: It varies. We have divisions in nearly every Texas

line, I believe; it depends largely on the volume of the through rate.

Mr. Cowan: You reach all important Texas points? Mr. Davis: Yes, sir.

Mr. Cowan: Where do you get the Santa Fe at?

Mr. Davis: Where do we get them?

Mr. Cowan: Yes, where do you get on the Santa Fe?

Mr. Davis: We get them at De Ridder; they connect with 1682 us there. We have no through rates with them.

Mr. Cowan: So you make no shipments over the Santa Fe?

Mr. Davis: No.

Mr. Cowan: Do you make any shipments which go to the Santa Fe through Fort Worth?

Mr. Davis: No, we have no through rates with the Santa Fe.

Mr. Cowan: With the exception of the Santa Fe, do you have through rates with all lines in Texas?

Mr. Davis: Yes, I think it is pretty well covered.

Commissioner Harlan: Did not the Santa Fe at one time get a considerable part of the traffic of the Hudson River Lumber Company?

Mr. Davis: At one time they had divisions with us

Commissioner Harlan: A good deal of traffic with other mills?

Mr. Davis: Yes, sir. Mr. Long, this gentleman we are talking about, has very heavy investments on the Santa Fe, but they shut him off and they have not been able to do anything from these mills

Commissioner Harlan: Well, do you mean the Santa Fe closed its markets to you?

Mr. Davis: Absolutely.

Commissioner Harlan: Well, that did not happen until

you had gotten some other connections, did it?

Mr. Davis: Well, this whole thing happened so quick and such a change in the attitude of everybody in Texas and on the Santa Fe that I cannot account for it.

Commissioner Harlan: At one time the Kansas City Southern got

some traffic?

Mr. Davis: Yes, sir, they get some today.

Commissioner Harlan: Well, they do not get very much. There is only about 10 per cent in which all the other lines can participate. as I remember the figures.

Mr. Davis: I noticed two weeks ago, a few days before I left home. bills of lading covering 21 cars over the Kansas City Southern in one day from two mills. We are not obligated to give our business to any particular line except in connection with the Frisco and Southern Pacific. We have a contract that provided they give us

the cars from month to month we will give them a certain division of our tonnage.

Commissioner Harlan: Is that 50 or 60 per cent?

Mr. Davis: 50 per cent to the Frisco and 40 per cent to the Southern Pacific.

Commissioner Harlan: And that means 10 per cent available for all other lines?

Mr. Davis: Yes, but there is generally 20 to 30 and sometimes 40

per cent available.

Mr. Cowan: Are there cases in which you receive divisions on shipments to points to which the division sheets do not apply?

Mr. Davis: Now will you state that again?

(Question read.)

Mr. Davis: We do in connection with the Santa Fe. We got a division, I suppose what you mean—we charge our local rate of 5 cents; there are no through rates or divisoons. We simply get our local rate.

Commissioner Harlan: Well, you refer to it as a division. Do

vou want that to stand?

Mr. Davis: No. He referred to it as a division. A division is simply what it says, a division of a through rate.

Commissioner Harlan: Vou do not get a division on Santa Fe

business?

Mr. Davis: No, we simply take our local, and the effect of that is that I think the last fiscal year they had about five cars for the Santa Fe, and I think that was company material. I

simply mention that to show you that this division to this so-called tap line, if it was a community of interest, might be used and Mr. Long would sell his yards on the Santa Fe if it was all inone pot.

Mr. Cowan: I understand, Mr. Davis, that the division sheets in some instances leave the divisions of the rate or the amount that is to go to each party, to the traffic officials to determine, in cases where the amount or percentage is not named in the division sheet.

Mr. Davis: Well, the division is determined before the division

sheet is issued.

Mr. Cowan: Well, take it on export business, how are the divisions made there?

Mr. Davis: Well, the divisions on export business—do you want to know how they are made?

Mr. Cowan: Yes, does the division sheet name just what the division is to be?

Mr. Davis: Yes, sir.

Mr. Cowan: It is agreed upon between the traffic officials?

Mr. Cowan: I thought there were shipments made where they

sent some sort of a slip along with the shipment, and settlement to be made afterwards.

Mr. Davis: That is not railroading. I never heard a case of

Mr. Cowan: Then it is not done, as I understand. Mr. Davis: Not on our line. I never heard of it.

Mr. Cowan: Do they have any such a thing as what you call a billing order?

Mr. Davis: A billing order?

Mr. Cowan: Yes.

Mr. Davis: Yes, sir; that is common throughout the country; that is an instruction to the agent as to how to bill, showing the through rate and division.

Mr. Cowan: Where there is a station to which a shipment is made, and the division sheet does not name what the divisions are to be, then does the billing order accompany the shipment?

1687 Mr. Davis: I do not know of such a case. There may be, I do not know what you have in mind—

Mr. Cowan: I don't know either. I just know what I have been

told, you know.

Mr. Davis: Let me tell you about divisions. When railroads get together to fix divisions they take the general interchange of business, such as merchandise, and they group the lines, and they agree upon per cents and grade the per cents. Where they have an asset in the form of coal or cotton or lumber, that is a fixed arbitrary and it is shown up in the division sheet in that way. Now if you will tell me what you are trying to disclose I will try to help you.

Mr. Cowan: I am trying to find out if you get any division of rates other than the divisions named in the division sheets that have been

filed?

Mr. Davis: I do not know of any.

Mr. Cowan: Do you know you do not get divisions other than

those named in the division sheets?

Mr. Davis: Well, I do not. I think a road would be very foolish to give us a division if they did not agree to do it. I do not 1688 know of any such case.

Mr. Cowan: You said you had been closed to the Santa Fe?

Mr. Davis: Yes, sir.

Mr. Cowan: In what manner, simply by a refusal to give divisions

to the Louisiana and Pacific and your other railroads?

Mr. Davis: Refusal to give us joint rates on classes and commodities, and on lumber particularly. We do not interchange any business. Any business we handle is on a combination of locals.

Mr. Cowan: They do not refuse to make through routes with you?
Mr. Davis: Positively, and they have tried to persuade other lines
to refuse us through rates. I can submit that as evidence, if you
wish.

Mr. Cowan: The difference comes at the point of making divi-

Mr. Davis: There has been no difference on that score.

Mr. Cowan: Have you any local lumber yards on the Santa Fe

Mr. Davis: I have not, no, sir.

Mr. Cowan: Have any of these lumber companies?

1689 Mr. Davis: No, sir. Mr. Long has.

Mr. Cowan: From what source are they supplied with lumber?

Mr. Davis: I understand the lumber is purchased in all directions. I can get that information for you.

Mr. Cowan: I do not think it is important.

Mr. Davis: It is just a guess with me.

Mr. Cowan: But your railroad gets nothing out of that at all.

Mr. Davis: Nothing.

Mr. Cowan: Do you ship off of your railroad and supply these mills that are on the Santa Fe line?

Mr. Davis: Well-

Mr. Cowan: When I say mills, I mean lumber yards.

Mr. Davis: For six months, I think I stated to Commissioner Harlan, we shipped about five cars or six cars last year for the Santa Fe. Here is a statement. I will give it to you.

Mr. Cowan: For whom were they shipped, the Long interests or

somebody else?

Mr. Davis: No, I think it was railway material; I am not sure.

I will be glad to give you the bills.

Mr. Cowan: No, it is not necessary. So you did not supply Mr. Long's lumber yards on the Santa Fe from this road?
Mr. Davis: We were offered no business except these four

or five cars.

Mr. Cowan: In making a statement to procure your divisions from the Frisco, for example, on a shipment that goes beyond the Frisco, who participates in that settlement and in the payment to you?

Mr. Davis: Who participates in the settlement on business going

beyond the Frisco?

Mr. Cowan: Yes. Do you just look to the Frisco, or do the three of you, supposing there are three lines.

Mr. Davis: We look to the Frisco. We have no through billing

arrangements.

Mr. Cowan: It would be immaterial to you then what the division was as between the part that is left to the Frisco and its connecting lines beyond?

Mr. Davis: So far as our company is concerned we have no inter-

est in the divisions beyond or how it is subdivided, no, sir.

Mr. Cowan: When railroad material is shipped, your office I suppose, has a record and knows that it is railroad material?

1691 Mr. Davis: I should think so. I do not know as we get a record, but we have access to the records. We have bills of lading and way bills, and we would know whether it was railroad material or not.

Mr. Cowan: For example, a shipment to a point on a railroad like the Denver & Rio Grande, say for delivery at Grand Junction, ordinarily they get a division—I suppose always get a division out of the

rate.

Mr. Davis: I think we have divisions with them on lumber. I am not sure, but I am willing to assume that we do.

Mr. Cowan: Do you have anything to do with conferring with the different lines in case of a change in the amount of the division which the line beyond your immediate connection receives?

Mr. Davis: No, sir.

Mr. Cowan: Have you in any case had conferences with the officials or employees or representatives of any of these lines beyond with respect to a change in the division of the rate which such lines are to receive.

1692 Mr. Davis: I cannot recall any. I have discussed that matter with the Rock Island people. They have very large purchases of lumber and at one time they bought from mills on our line. They stopped buying from Mr. Nelson, and Mr. Nelson in his efforts to find out why, discovered that they had found a division over in Texas from Santa Fe mills and others which reduced the proportion south of the Rock Island Road to such an extent that it forced them to buy over there and we have never been able to meet that competition. You understand how lumber is purchased by some of these lines, do you not?

Mr. Cowan: No, you might explain that in connection with what you are just telling, how it is purchased, and explain how it is that the Rock Island, for example, quit buying from you, and how the matter of divisions to lines beyond can be so handled as to change

the place where the lumber may be purchased.

Mr. Davis: Well, as a general proposition, the purchasing agent of a railroad, as I understand it, tries to buy his lumber just as cheap as he possibly can. If he cannot buy that lumber on his own line he must necessarily buy it on some foreign line. In making purchases on foreign lines he ascertains what the division will be up to the junction point with, say, the Rock Island Road. He finds out

what those divisions are, and it practically means the rates to him. The Commission have ruled that that is legitimate, provided the business goes to the point to which it is consigned. Now, we are at a disadvantage on that account because of the high

divisions exacted in connection with the Louisiana & Pacific and its connections up to Rock Island junctions as compared with the small divisions that the Texas lines get in connection up to a point—well, I think it is 40 per cent of the rate.

Mr. Cowan: Suppose you are shipping to—take a concrete instance in the record that the laiety here may understand it—suppose you sell 50,000 cross ties to the Rock Island Railroad to be shipped over the Frisco, as they are separate now; where would those ties be

delivered to the Rock Island?

Mr. Davis: Shipped from a point on the Louisiana & Pacific?

Mr. Cowan: Yes, say shipped from Fulton.

Mr. Davis: Well, they would not be shipped from Fulton; they probably would be shipped from a mill on the Louisiana & Pacific. There is no mill at Fulton that would deliver the business to the Frisco at Fulton.

Mr. Cowan: That is what I mean.

Mr. Davis: And it may be the Frisco would take the shipment to Houston or over to Eunice; it depends in what section of the country the Rock Island wanted the stuff. They have a very wide territory.

Mr. Cowan: If the Frisco exacts too much for their division up to

the Rock Island points, that cuts you out of the trade?

Mr. Davis: That division plus our division is the factor used by the purchasing agent in trying to determine what the material will cost him.

Mr. Cowan: In this instance I have named what is the division the Frisco would take. You would take five cents, I think, or what-

ever it is. How much would you give the Frisco?

Mr. Davis: I have not figured on that. I have not heard of any ties moving. I suppose the divisions up to Eunice would be 8 or 9 cents.

Mr. Cowan: The reason you do not move it, I understand, would be because the Frisco exacts more than the Rock Island can get

through some other channel.

Mr. Davis: The through divisions from the mill on the Louisiana & Pacific to the junction with the Rock Island are too great as compared with some other divisions in some other sections.

Mr. Cowan: Do you know from what mill points in Texas

the Rock Island buys?

Mr. Davis: No, I have no definite information on that subject.

Mr. Cowan: I suppose there are cases just reversed, where you by reason of the relation of the divisions, can sell the lumber and deliver it to the railroad company for railroad material on a better basis than the Rock Island might be able to from mills on its line?

Mr. Davis: Well, I don't know; there do not seem to be hardly any cases. It seems that we ought to be able to sell roads in Louisiana like the Southern Pacific. But they have mills on their own line. Mr. Nelson has told me he has tried to sell the Southern Pacific but has always complained that our five cent rate just puts him out of the business.

Mr. Cowan: Well, the sum and substance of the whole matter with respect to these divisions beyond your line and your divisions too, is, that in the purchase of the lumber by a railroad company that does not run into the lumber district, that company buys at the mill

where it gets the least division up to its connection point.

1696 Mr. Davis: I should think so, unless some particular mill has the kind of stuff they wanted and could get it out quick, and the other could not; they might buy it then. I don't know a thing about the lumber business.

Mr. Cowan: Well, the regulation of this business between the different railroads to the one that is buying the material is the determin-

ing factor as to the place where they will buy the lumber?

Mr. Davis: I should think so, as a general proposition.

Mr. Cowan: What proportion of the outfit that goes off your railroad goes as railroad material?

Mr. Davis: It is very small. I could give you a statement of that

if you wish it.

Mr. Cowan: I do not care particularly about it. I thought you might approximate it.

Mr. Davis: Well, it is very small.

Mr. Cowan: Ten per cent?

Mr. Davis: Well, I don't think so. It is just a guess with me. I might as well say ten or five.

Mr. Cowan: Does your road handle cross ties that are hewn?

Mr. Davis: The L. & P.? Mr. Cowan: Yes.

1697 Mr. Davis: I do not know of any hewn ties on the line.
I do not think we do.

Mr. Cowan: You ship lumber for other persons, as you have already said, but you do not control the routing on that lumber.

Mr. Davis: If we receive a car with routing instructions on the

bill of lading, we respect that routing.

Mr. Cowan: For whom do you ship lumber other than the Long interests?

Mr. Davis: On the Louisiana & Pacific?

Mr. Cowan: Yes.

Mr. Davis: The Bundick Creek Lumber Company at Walla; the Brown Lumber Company, I think, at Bannister have a small mill, and we handle several cars every day.

Mr. Cowan: Do you move that over the line of the Lake Charles

& Northern?

Mr. Davis: No, sir, we move that over the line of the Louisiana & Pacific.

Mr. Cowan: Suppose they wanted to route it over the Lake Charles & Northern, what would you do about it?

Mr. Davis: We have no through rates. We would charge our local rate from Walla up to Lilly Junction and the Lake 1698 Charles & Northern would charge their local rate from Lilly Junction.

Mr. Cowan: But there would be no such shipment made, of

Mr. Davis: There would be no interchange. We do not know the Lake Charles & Northern at all.

Mr. Cowan: So you do not participate in any through route or rates with the Lake Charles & Northern?

Mr. Davis: No. sir.

Mr. Cowan: Have you ever had any conference with the traffic officials of that road to see if you could make such arrangements?

Mr. Davis: Well, I would not want to. I would probably lose my position if I did.

Mr. Cowan: Have they ever conferred with you and attempted to get that?

Mr. Davis: No.

Mr. Cowan: Then they have no chance to get business on your lines?

Mr. Davis: They have some rights with us in that territory.

Mr. Cowan: But how could they get any shipment to or from points on the Louisiana & Pacific if there are no through rates or routes?

Mr. Davis: Well, the line is joint. You are talking about a mill

that is situated on the Louisiana & Pacific proper, out at Walla, eight miles from this joint track. Now that is local tonnage to us and we absolutely control it.

Commissioner Harlan: Haven't you well expressed this arrangement? You have not trackage rights over that line at all, have

you?

Mr. Davis: Absolutely, yes.

Mr. Cowan: Well, you have referred to it as a joint track. Is it not a joint use of the track?

Mr. Davis: Yes.

Mr. Cowan: And it is not a trackage right at all.

Mr. Davis: Well, I would have to look at that contract to see how it is worded.

Commissioner Harlan: Well, as the thing works out in everyday practice, it is not a trackage right at all, is it?

Mr. Davis: It is a joint use of the line, yes, sir. Commissiiner Harlan: It is a joint use of the line?

Mr. Davis: Yes, sir, the line was absolutely necessary. In the first place, Mr. Commissioner, a line had to be built. As I
1700 stated yesterday, Mr Long undertook to build the line, and Mr. Harriman purchased the line, and the line would not have been sold except for the fact that we retained our rights to operate our trains over the line.

Commissioner Harlan: Equally with them.

Mr. Davis: Yes, sir.

Commissioner Harlan: Not any trackage right, but you retained

your right to operate that railway?

Mr. Davis: Yes, sir, and that is the way the contract reads, and I have never had any instructions to the contrary, and I am going

to get all the business I can for that road.

Commissioner Harlan: Now, in actual practice, although you operate it as a railroad and not as a trackage right, although you asserted to the contrary yesterday, but as I understand it you get very little of the local business, and they on the other hand are not allowed to participate in joint through rates with your branch lines, and they get practically none of the lumber business from any mill?

Mr. Davis: I do not know who stated we received very little of the local business. De Ridder, Bonami, Bannister, and Fulton
1701 are joint stations, and we have rates in with the Iron Mountain and with the Frisco and with the Kansas City Southern and also with the Southern Pacific, which connect with us at Lake

Charles.

Commissioner Harlan: And you stated yesterday you got your proportion of the business, and recently a little more than they did? Mr. Davis: Mr. McLean made that statement.

Commissioner Harlan: That is your understanding?

Mr. Davis: That is my understanding. We work with our connections, and of course we cannot expect very much from the Southern Pacific because they have their own line in there, and originate a large tonnage, but with the Frisco and Iron Mountain and Kansas City Southern we have got a very reasonable proportion.

Commissioner Harlan: On the other hand they get practically none of the lumber business?

Mr. Davis: No.

Commissioner Harlan: And you do not intend they shall get any where you can help it?

Mr. Davis: Well, if I had my way they would not.

Mr. Cowan: To bring the whole matter into one concrete statement, is it not true that all traffic going on to or from the lines of the Louisiana & Pacific off of the Lake Charles &

Northern must, if it is moved by the Lake Charles & Northern Railroad Company, go on local rates, the sums of the locals?

Mr. Davis: Yes, sir. We have not any through rates with the

Lake Charles & Northern.

Mr. Cowan: Therefore is it not true that there is no such movement on the Lake Charles & Northern of traffic going to or from points on the Louisiana & Pacific?

Mr. Davis: I do not know of any such movement at all.

Mr. Cowan: With respect to the traffic originating at stations on the Lake Charles & Northern, over which you operate your trains. to stations between which you operate, is the depot agent the joint agent of the two companies?

Mr. Davis: Yes, sir; we pay 60 per cent of the expense.

Mr. Cowan: If he receives any traffic that is to go to points on the Louisiana & Pacific, naturally he bills it via the Louisiana & Pacific?

Mr. Davis: I suppose so,

Mr. Cowan: He acts as agent of the Louisiana & Pacific in that case?

Mr. Davis: I think so, yes, sir.

1703 Mr. Cowan: If he receives traffic to go to another station on the Lake Charles & Northern, how he is instructed then to ship that? I suppose it is immaterial to the shipper for whom he will bill it.

Mr. Davis: I do not know; it depends how the shipment is routed. Mr. Cowan: Well, suppose that I bring a wagon load of pine knots—I see you are quite extensive shippers of pine knots.

Mr. Davis: No, we handle very few.

Mr. Cowan: 65 cars, that is more than I ever heard of in my life before.

Mr. Davis: That is as compared with-

Mr. Cowan: Make it potatoes then. I suppose that is a farming country.

Mr. Davis: No, you have the wrong idea; it is just a timber country, and when the timber is cut off it is a farming country.

Mr. Cowan: Well, I am going to ship something.

Commissioner Harlan: Well, Judge, suppose you ship a little hav and see where it comes.

Mr. Cowan: Yes. Is there hay there?

1704 Mr. Davis: I don't know, we will assume there is lots of hay there. I do not know.

Mr. Cowan: Well, assume there is lots of hay? Mr. Davis: Yes.

Mr. Cowan: And I bring in ten bales of hay to ship from Longville, say, to Bannister, and the agent at Longville receives my hay and I say I want to ship it to Bannister; it makes no difference to me whether you carry it or the Lake Charles & Northern carries it. For which railroad will the agent bill that hay?

Mr. Davis: Well, I don't know; it depends how it is routed.

Mr. Cowan: Suppose I do not route it, and I bring it in and say I want to ship it from Longville over to Banaister. It has got to go over one road.

Mr. Davis: I could not tell how he would route it.

Mr. Cowan: It has got to go over one road?

Mr. Davis: Yes.

Commissioner Harlan: Your line pays 60 per cent of his salary. I want to know whether that agent is under any instructions from you, written or verbal, as to what to do with Judge Cowan's hay.

Mr. Davis: No, he is not.

1705 Commissioner Harlan: Well, is he simply turned loose with the proportion there, and can he do as he chooses? Judge Cowan in this case did not give any routing instructions. I want to know just how that hay is going to be handled.

Mr. Davis: I cannot tell you, because I do not know. Mr. Mc-

Lean may know.

Commissioner Harlan: Well, Mr. McLean, can you tell us?

1706 Mr. McLean: What is the question?

Commissioner Harlan: Judge Cowan is offering a carload of hay at Longville to be moved to Bannister without any instructions as to whether it shall go over the Louisiana & Pacific or the Lake Charles & Northern. Now, how would it go?

Mr. McLean: So far as I know, our agent or the joint agent has no written instructions as to how to handle such a shipment. I have advised them verbally that they must not solicit business for

either company. If they must-

Commissioner Harlan: Well, Judge Cowan has turned up there; nobody asked him to, but he has turned up with a load of hay.

Mr. McLean: But that the shipper must be requested to state

which company he wants it shipped over.

Commissioner Harlan: Is it your duty as auditor to give such instructions?

Mr. McLean: No, in the cases I have in mind the agent asks them.

Commissioner Harlan: Whose duty is it to instruct the agent?

Mr. McLean: I suppose it was the duty of the traffic

1707 manager.

Commissioner Harlan: Then the question is up to you, Mr. Davis. Mr. McLean understands such instructions would proceed from you. What instructions have you given to the agent?

Mr. Davis: I have not given any.

Commissioner Harlan: Do you mean to have it appear on the record that the agent there at Longville is at liberty to use his discretion and he has no instructions and nothing to guide him as to how he is going to move that carload of hay?

Mr. Davis: Well, I have stated the facts to you. I am willing to show in the record that we will issue instructions if that is—I have never heard of a shipment of that kind.

Commissioner Harlan: There must be some local shipments be-

tween these points.

Mr. Davis: Undoubtedly there is, and our billing will show. I can get our billing, and the Lake Charles & Northern can show theirs.

Commissioner Harlan: The specific point we want to get at is whether that agent is simply turned loose to deal with 1708 such matters at discretion or whether he has instructions.

Mr. Davis: He has no instructions from me.

Commissioner Harlan: Has he any instructions from the Lake Charles & Northern?

Mr. Davis: I really don't know as to that.

Commissioner Harlan: What salary does he get?

Mr. Thurmond: Ninety dollars.

Mr. Davis: What agent? Mr. Thurmond: At Longville.

Mr. Davis: Ninety dollars a month.

Commissioner Harlan: Mr. Davis, I do not want anything to appear on the record that intimates a doubt on my part as to your candor in this matter, but I do direct your attention to the fact that as traffic manager of this railroad you get six thousand dollars a year, and that is the case, is it not?

Mr. Davis: No, sir.

Commissioner Harlan: What is the salary?

Mr. Davis: Do you want me to state to you personally or to these gentlemen out here?

Commissioner Harlan: Well, we will pass that matter. It

1709 is a substantial salary?

Mr. Davis: I have no objection to telling you what it is. Commissioner Harlan: Well, if there is no objection—

Mr. Davis: If you will give me a paper I will tell you what it is.

(The witness here writes on a slip of paper which he hands to Commissioner Harlan.)

Commissioner Harlan: And you have control of the movement of the traffic. Now, are we to understand that none of the agents along the line have any instructions from you as to how to route shipments when they have the opportunity to use one of two lines operating over the same roadbed?

Mr. Davis: That is the situation, Mr. Commissioner.

Mr. Cowan: Now, Mr. Davis, do you ever go to see those agents?
Mr. Davis: I call on them. I do not make very many trips over
the Louisiana & Pacific,

Mr. Cowan: Do you have them make any reports to you?

Mr. Davis: No, sir; I have nothing to do with the agents; they report direct to the accounting department.

Mr. Cowan: You said a while ago that you would not 1710 permit the Lake Charles & Northern Railroad Company to have any of the traffic hauled by the Louisiana & Pacific. and that you would make no application to them for a division of

Mr. Davis: Yes, sir.

Mr. Cowan: And if you did you ought to lose your position.

Mr. Davis: No, I did not say I ought to.

Mr. Cowan: What is that?

Mr. Davis: I don't know whether I said I ought to.

Mr. Cowan: Well, whatever you did say, I am referring to what you did say, without being able to quote it.

Mr. Davis: Well, it would be a foolish thing, if we could handle the business ourselves, to turn around and give it to somebody else.

Mr. Cowan: That is it. Now, you are looking for all the traffic you can get for your company?

Mr. Davis: Yes, sir.

Mr. Cowan: And your company is operating for twenty-five cents a train mile on the Lake Charles & Northern?

Mr. Davis: Yes, sir.

Mr. Cowan: And you pay the station agent at the station of Longville, who is getting ninely dollars a month sixty per cent of it?

Mr. Davis: Yes, sir. Mr. Cowan: Now, why haven't you gone to that agent to get him to route everything over the Louisiana & Pacific where they will get the freight rate, instead of the Lake Charles & Northern?

Mr. Davis: Well, I guess it is simply neglect on my part.

Mr. Cowan: Now, take the traffic that moves from Lake Charles to De Ridder: I understand there are a considerable number of people to be supplied there with those things that people have to ship in.

Mr. Davis: Yes. sir.

Mr. Cowan: And you carry that traffic?

Mr. Davis: We carry a share of it; yes, sir.
Mr. Cowan: What share?
Mr. Davis: Well, I have no means of knowing the total tonnage handled into De Ritter. I have asked that question of some of our people at De Ritter, and have understood they thought we got about thirty per cent, as near as they could estimate.

It is just a guess. You would have to find out first the total tonnage handled by the four lines in there and then-

Mr. Cowan: You mean you get about or you think you get about 30 per cent of the total that goes into De Ridder?

Mr. Davis: I do not think that; I do not know. I say I have been informed that we did handle about 30 per cent.

Mr. Cowan: You were informed by whom?

Mr. Davis: I think it was the Superintendent over there, Mr. Boswell or Mr. McLean.

Mr. Cowan: And you move that from Lake Charles? Mr. Davis: Yes, sir.

Mr. Cowan: Over the Lake Charles & Northern for the entire distance?

Mr. Davis: Over the joint track between those points.

Mr. Cowan: As I understand it, the road from Lake Charles to De Ridder belongs to the Lake Charles & Northern Railroad?

Mr. Davis: Well, I suppose the road does. We are operating under a contract that is here.

Mr. Cowan: Well, is the Lake Charles & Northern operating that road between Lake Charles and De Ridder?

Mr. Davis: They are running trains over it, yes, sir.

Mr. Cowan: What proportion of the traffic that goes to
1713 supply these people that has nothing to do with lumber, between Lake Charles and De Ridder, does the Lake Charles
& Northern move?

Mr. Davis: Well, I would not be able to say that. We have separate agents at Lake Charles. We have our own depot, and at the present time we are not as near the center of the city as we would like to be.

Mr. Cowan: Does your road not solicit the business from Lake Charles?

Mr. Davis: We solicit business, yes, sir.

Mr. Cowan: I assume most of your trains moving northbound in the direction of De Ridder run light?

Mr. Davis: Well, I could not answer that.

Mr. Cowan: You don't know?
Mr. Davis: I suppose the—

Mr. Cowan: You bring more logs down than you take lumber back?

Mr. Davis: We pull empties northbound together with merchandise and loads southbound.

Mr. Cowan: And your agent has a free hand to solicit 1714 business at Lake Charles for De Ridder?

Mr. Davis: He has, if he has the time; yes, sir.

Mr. Cowan: Well, you are in the business for profit, and have the opportunity of loading your trains that already run light?

Mr. Davis: Yes, sir.

Mr. Cowan: Would he not be given sufficient assistance to solicit the business?

Mr. Davis: Yes, sir, I should think so.

Mr. Cowan: Do you ever have any conference with him in regard to the amount of traffic and how he gets it and what he does to secure the traffic?

Mr. Davis: No. I have had conferences with him and some correspondence, but not a great deal; I have solicited business in Lake Charles myself, and have had men there soliciting business.

Mr. Cowan: Well, being the traffic manager of this line I should think you would have some knowledge of what proportion of that traffic you get going over that line.

Mr. Davis: Well, I have not. I do not know the total traffic moved, but I should say we get a very good proportion.

Mr. Cowan: You get nearly all of it, do you not?

1715 Mr. Davis: No, I should say not. I do not think we do.

Commissioner Harlan: If I should tell you, Mr. Davis, that the records of the St. Charles & Northern show that during the

year 1909 they received less than \$2500 on all the inbound and outbound freight originating or destined to points on their line, would that or would not that indicate that the bulk of that traffic is taken by your line?

Mr. Davis: If those are the figures I would think so. Does that include the joint track over the Santa Fe? They have joint trackage rights over the Santa Fe, and operate between De Ridder and

Nitram, just as they operate over our line.

Commissioner Harlan: As I understand the figures, it covers points of origin and destination between De Ridder and Lake Charles, and it was less than \$2500.

Mr. Thurmond: What date was that?

Commissioner Harlan: For the year 1909.

Mr. Davis: We have not a memorandum of the earnings on the Lake Charles business here. We received from the Southern Pacific for six months ending October 31st, 106 tons, and from the Iron Mountain 147 tons, and from the Kansas City Southern 110 tons.

Now I do not know—that Kansas City Southern may have 1716

been at De Ridder, part of it; but the Southern Pacific delivered us at Lake Charles 106 tons, and the New Orleans, Texas & Mexico, or the Iron Mountain, 147 tons for points on the Louisiana & Pacific north of Lake Charles. Now I cannot tell you what business we handled out of Lake Charles proper for the reason I have not got that data here.

Commissioner Harlan: Well, that is all inbound business?

Mr. Davis: This is business from connecting lines from defined territory, St. Louis, New Orleans and Seaboard.

Commissioner Harlan: The figure I gave you is inbound and out-

bound on the Lake Charles & Northern.

Mr. Davis: Well, our earnings on this amounted to five hundred and ninety some dollars.

Commissioner Harlan: That is inbound?

Mr. Davis: Inbound, yes, sir.

Commissioner Harlan: And through Lake Charles? Mr. Davis: And through Lake Charles, yes, sir.

Mr. Collins: Now you have through rates with all these different lines which you mentioned that you connect with at Lake Charles, to points on the Lake Charles & Northern; the Southern Pacific, Iron Mountain and Kansas City Southern.

Mr. Davis: You get that confused yourself or confuse me. We have no rates with the Lake Charles & Northern. They 1717

operate over this joint track.

Mr. Cowan: I understand, but you have joint rates with the outfit that owns the Lake Charles & Northern, the Southern Pacific.

Mr. Davis: I have just stated we have through rates on lumber and merchandise outbound with the Louisiana & Western and their connection, the Southern Pacific, and they give us that business at Lake Charles.

Mr. Cowan: The position of the matter is then that Mr. Harriman, I think you said he sought Mr. Long-at all events they got to-

gether.

Mr. Davis: That is a supposition.

Mr. Cowan: Somebody made a trade whereby the Southern Pacific interests purchased the Lake Charles & Northern, and gave you the absolute full right to operate over it in all particulars, gave you a division of the rates, and you would not make any division of the rates with the Lake Charles & Northern. That is the situation, is it not?

Mr. Davis: That is the way I understand it.Mr. Cowan: Well, that is the way it is today?Mr. Davis: That is the way that contract is.

1718 Mr. Cowan: Did you ever hear of any trackage rights or any rights between two railroad companies of any such char-

acter as that in your whole experience?

Mr. Davis: Mr. Ripley of the Santa Fe has given Mr. Harriman joint rights over his tracks. I do not know why he did so. You have to get to the bottom of that. Mr. Harriman was a good trader. He must have had something in mind when he did it. The Southern Pacific operates jointly with the Texas & Pacific from Cheneyville to Alexandria. And the Frisco has the L. & R. N. from Baton Rogue to New Orleans, and have joint rates. Why that is I do not know.

Mr. Cowan: And each one of those has joint routes and through

rates with each other to all the stations on the other lines?

Mr. Davis: I cannot say as to that.

. Mr. Cowan: Take the line from De Ridder to Nitram, who owns that?

Mr. Davis: I understand that was built by Mr. Ripley.

Mr. Cowan: It is called the Gulf, Colorado & Santa Fe, is it not? Mr. Davis: Yes.

Mr. Cowan: Who has trackage right over that road?

Mr. Davis: The Lake Charles & Northern, I understand.

Mr. Cowan: And there they connect with the Gulf & Sa-

bine River?
Mr. Davis: I believe they do, yes, sir.

Mr. Cowan: Do you handle any of the traffic which comes to De Ridder over that line?

Mr. Davis: Do we? Mr. Cowan: Yes, sir.

Mr. Davis: No, sir. The Santa Fe-

Mr. Cowan: Do you handle any traffic going out over that line?
Mr. Davis: No, the Santa Fe would not have anything to do with
us, Judge. I would like very much to have rates with them, but we
have not been able to persuade them.

Mr. Cowan: Does the Lake Charles & Northern handle the lum-

ber that comes from the Fullerton Line, by way of De Ridder?

Mr. Davis: I understand they do, yes, sir.

Commissioner Harlan: It is a very large output, is it not?

Mr. Davis: I understand it is a very large output, and that the Lake Charles & Northern handle a very large percentage of the tonnage. It is simply a case like ours. Mr. Harriman was going up in that territory and was going to build over there, but instead 1720 of building, Mr. Ripley concluded to let him use his line.

Mr. Cowan: Does the Lake Charles & Northern handle any

other lumber except the lumber that comes over the road I have just mentioned?

Mr. Davis: I do not know.

Mr. Cowan: Do you know of any other that they handle?

Mr. Davis: No, sir, I do not. I have not any access to their

records at all, Mr. Cowan.

Mr. Cowan: Do you keep a record of the output of the lumber that is actually shipped out from each one of your sawmills, and do you keep a record of the amount of logs and tonnage of the logs that actually is brought in?

Mr. Davis: We have a record of the lumber, I have. I have not a

record of the logs, no, sir.

Mr. Cowan: In the estimate of tonnage then, are the logs considered in the tonnage or simply the lumber tonnage?

Mr. Davis: The division is assessed on the weight of the manufac-

tured product.

Mr. Cowan: I mean in the reports that go to the Interstate Com merce Commission of the tonnage, is the log tonnage stated or just the lumber tonnage?

Mr. Davis: Could I ask Mr. McLean to answer that? I

have nothing to do with the reports.

Mr. McLean: Will you repeat the question?

(Question read.)

Mr. McLean: Just the lumber tonnage, the tonnage of the finished product.

Mr. Cowan: And have you a record of the log tonnage?

Mr. McLean: The logs are not weighed.

Mr. Cowan: Have you a record of the estimated tonnage of logs?

Mr. McLean: A record of the number of logs.

Mr. Cowan: I will ask you to please file a statement showing the total amount of lumber output shipped out over your lines from each of the mills.

Mr. Thurmond: What is that?

Mr. Cowan: The output of the lumber shipped out from each of the mills over his line, and the amount drawn from each mill that is delivered to each main line road for transportation beyond.

Mr. Davis: Yes, sir. Do you want me to file that with the Com-

mision?

1722 Mr. Cowan: Yes.

Mr. Garwood: For what period?

Mr. Cowan: Make it cover the period-he might just as well make it cover a year. You have that given by the year?
Mr. Davis: Yes, sir.

Mr. Cowan: Make it for the year ending June 30th, 1910.

Commissioner Harlan: Make it cover the years 1908, 1909 and 1910. You have got those years?

Mr. Garwood: The fiscal year?

Commissioner Harlan: The fiscal year.

Mr. Cowan: Do you keep any record of the traffic operation of the Louisiana & Pacific Railroad Company which would enable you to show the operating statistics separately for lumber and other traffic.

the amount for example, per train mile, and the average loading per car?

Mr. Davis: No.

Mr. Cowan: Of course, your annual report undoubtedly ought to show it for all traffic, but I wondered if you kept it separately for lumber traffic?

Mr. Davis: I think that would expedite matters. I do not know

a thing about it-

1723

Mr. Cowan: Well, you do not know about it.
Mr. Davis: I do not know a thing about the accounts and

how they are kept.

Mr. Cowan: Mr. McLean, have you the operating statistics to show the amount of lumber which you carry per train mile and the average loading per car mile of lumber? I suppose you have the latter, but have you it separately for lumber, as to the amount per train mile?

Mr. McLean: No.

Mr. Cowan: Mr. Davis, are you acquainted with the actual physical operation of the road, do you pay any attention to that?

Mr. Davis: No.

Mr. Cowan: You have somebody here who is well acquainted with it. I suppose?

Mr. Davis: The superintendent, yes, sir.

Mr. Cowan: You do not keep a record of the output of the lumber from these various mills, do you?

Mr. Davis: I do. I have to do that in our efforts to comply with the terms of our contracts. We have got to know what we are doing. Mr. Cowan: With regard to the percentage that you give to each

railroad?

1724 Mr. Davis: Yes.

Mr. Cowan: Let your statement which I have asked for, cover that. I suppose it will in a way, because you do not ship out any except over your own line of railroad, I suppose.

Mr. Davis: It will show all the lumber we handle and the lumber delivered to each connecting line. That will give you the per cent.

Mr. Cowan: When you receive lumber from this other company

whose product you handle-you gave the name of it, and I did not recall it-

Mr. Davis: The Bundick Creek Lumber Company.

Mr. Cowan: They pay the full tariff rate?

Mr. Davis: Yes, sir.

Mr. Cowan: And do they get anything back?

Mr. Davis: No, sir.

Mr. Cowan: Do they get any service from you on their logs? Mr. Davis: No, sir.

Mr. Cowan: Do they purchase any timber from you?

Mr. Davis: Not that I know of. They would not purchase that from the company. That would be-

Mr. Cowan: They own their own lumber? Mr. Davis: I do not know as to that,

Mr. Cowan: Will you give a statement of their tonnage 1725 separately?

Mr. Davis: Yes, sir.

Mr. Cowan: For the same period of time. They have no other railroad connection except through yours?

Mr. Davis: No.

Mr. Cowan: Has that interest any interest in your railroad company?

Mr. Davis: No, sir, not that I know of.

Mr. Cowan: No one of the interested parties are officials?

Mr. Davis: No.

Mr. Cowan: Nor in any way connected with it?

Mr. Davis: No.

Mr. Cowan: And the delivering line, I suppose, collects the entire freight on their lumber?

Mr. Davis: Uuless it is billed prepaid.

Mr. Cowan: And they pay you back how much?

Mr. Davis: It depends on the destination of the shipment.

Mr. Cowan: Well, say it was moving to Kansas City.

Mr. Davis: Well, if a car of lumber moved from Walla to Kansas City by way of our line and the Southern Pacific, we would receive four cents.

1726 Mr. Cowan: You receive the same divisions on that sort of shipment as you do if it were your own lumber?

Mr. Davis: Yes, sir.

Commissioner Harlan: Right at that point I ask again whether

such lumber ever goes out by the Lake Charles & Northern.

Mr. Davis: No, sir. This is the Louisiana & Pacific and the Lake Charles & Northern joint tracks. This mill is over here, and we originate the tonnage, and therefore control it. Naturally we would want to take our own haul on it and not divide up with some other line.

Commissioner Harlan: Yes, but there are other mills on the

main line, some mills.

Mr. Davis: Some mills: There is one little mill at Bannister which has just started up. We have one or two cars.

Commissioner Harlan: And as a rule you take all that lumber

out and the Lake Charles & Northern does not.

Mr. Davis: Where, from this point, Bundick Creek?

Commissioner Harlan: Bannister.

Mr. Davis: I do not know that we take it all. I think that is controlled by parties at Lake Charles, is my recollection; I
1727 am pretty sure we do not handle it all. I can give you a statement of that if you wish it.

Commissioner Harlan: I do not know that that is necessary. I

just wanted to know what the course of the business was.

Mr. Davis: The lumber business in that section is very small. There are no other small mills in there that I know of.

Mr. Cowan: How does the Bundick Mill get its logs?

Mr. Davis: I do not know of any lumber mill at Bundick. Have you not in mind the mill at De Ridder?

Mr. Cowan: I am talking about the little mill that is on your

line.

Mr. Davis: The Bundick Creek Lumber Company? Mr. Cowan: Yes, that is the one. I forget the name.

Mr. Davis: I have never been down there. I suppose they pull them in by teams.

Mr. Cowan: That is the same character of lumber that these other

lumber companies manufacture?

Mr. Davis: I think it is all yellow pine. I am not positive.
Mr. Cowan: Going down to Lake Charles, your company owns apparently a very small amount of actual railroad mileage.

1728 but it is your terminal there for your sawmills?

Mr. Davis: Yes, sir.

Mr. Cowan: Are those termina's there for the purpose of handling other people's traffic, or for the purpose of handling the sawmill traffic?

Mr. Davis: We have a freight station there and do handle busi-

ness for all parties who offer freight there.

Mr. Cowan: The big map spread out yesterday showing the extent of those terminals in and about the sawmills and lumber yards and so on.

Mr. Davis: Yes, sir.

Mr. Cowan: Such terminals are necessary for a large lumber yard, whether you handle other traffic or not, are they not?

Mr. Davis: The station is not in the lumber yard.

Mr. Cowan: Well, aside from the station that handles the other traffic at the depot these tracks are essential to the lumber plant.

Mr. Davis: I should think a large concern like that, they would have to have their own tracks, or somebody else would have to have the tracks there for them.

Mr. Cowan: Did they have that sawmill there before this Lake Charles & Northern contract was made?

1729 Mr. Davis: They had no mill. This is practically a new mill and new terminals entirely.

Commissioner Harlan: Were there any spur tracks running into that lumber yard and the old mills before your terminals were put

into Lake Charles?

Mr. Davis: I think so. I think the Southern Pacific got in there, and perhaps the Kansas City Southern. I am not sure but they had a mill there and connected with those companies, because that was the only outlet for the product of their lumber mills.

Mr. Cowan: As I understood that map, the Louisiana & Pacific owns all of the tracks serving the sawmill and the planer and the

lumber industry of that mill.

Mr. Davis: Judge, I do not know about the financial affairs of the company. It has been stated here that they do. I think Mr. Thurmond yesterday submitted that map with that statement, and I think it can be confirmed.

Mr. Cowan: The service you preform on the lumber there for which you receive your divisions is the delivery to the line which connects with your road and carries it out, either at Lake Charles or at Fulton?

Mr. Davis: Yes, sir.

Mr. Cowan: Do you carry any lumber up as far as De 1730 Ridder to be sent out over the Kansas City Southern?

Mr. Davis: No, I do not think we do. We make delivery right

there.

Mr. Cowan: Your through rates from the Kansas City Southern apply by what routes, what connections?

Mr. Davis: Via De Ridder and Lake Charles.

Mr. Cowan: You can carry it up to De Ridder if you want to, but you do not do it, of course.

Mr. Davis: No; it is an operating proposition. We would take

the short haul.

Mr. Cowan: To what proportion of your lumber do the higher divisions apply, the five cents, for example?

Mr. Davis: Five cents?

Mr. Cowan: Yes, you have five cents in some cases, I believe.

Mr. Davis: The contract with the Frisco calls for 50 per cent of the tonnage, and with the Southern Pacific 40 per cent, if they furnish the cars we aim to give them 50 per cent and 40 per cent.

Mr. Cowan: But do you in fact give them more?

Mr. Davis: In the last several months they have been very short of equipment and we have had to do the best we could. As I explained to the Commissioner, we have been shipping over the Kansas City Southern.

Mr. Cowan: At all events this statement I have called for will

show all that?

Mr. Davis: Yes, sir.

Commissioner Harlan: Who in your company attends to the interchange of transportation?

Mr. Davis: Of annual passes?

Commissioner Harlan: Annual passes and trip passes and other transportation?

Mr. Davis: I handle that under the supervision of Mr. Long; he

signs the requests.

Commissioner Harlan: And you of course, and all your officers have free transportation over your immediate connections?

Mr. Davis: Yes, sir; I think all of them but-well, I don't know, but I would be willing to say that they all have them. I am not sure but I think they do.

Commissioner Harlan: And over the main lines of those con-

nections in the east, at Chicago-

Mr. Davis: Well, no, they do not. I have a pretty full line of transportation and it varies; but all of the officers have not use for that transportation.

Commissioner Harlan: Well, you are not an officer of any of

these lumber companies?

Mr. Davis: No, sir. Commissioner Harlan: But a number of other officers of your road are officers of one or more lumber companies?

Mr. Davis: Some. Mr. Long is an officer and Mr. Sweet. Commissioner Harlan: And they have free transportation more

or less generally as far as Chicago, have they not?

Mr. Davis: They have transportation to Chicago. yes, sir. Commissioner Harlan: And perhaps farther to the east?

Mr. Davis: No, I do not thinks so. Mr. Long may have some transportation as far east as Buffalo; I think he has a Wabash pass, but I am not sure; but the eastern lines do not interchange with us now.

Commissioner Harlan: I suppose all your ties are purchased from the lumber companies that are affiliated or in the same investment?

Mr. Davis: I should think so.

Commissioner Harlan: And all your lumber?

Mr. Davis: I do not know a thing about that, but it is natural to state that it is the case; it is a natural condition.

Commissioner Harlan: And do you know who gets salaries among the officers of your road? I am not sure that that was gone into by Mr. McLean yesterday. Did we go over that with you yesterday?

Mr. McLean: What is it?

Commissioner Harlan: The salaries paid by the Louisiana & Pacific to its officers?

Mr. McLean: No, sir, I do not think we did.

Commissioner Harlan: Are you familiar with that matter, Mr. Davis?

Mr. Davis: With the exception of my own, there is a statement, I believe, that can be furnished you on that. I do not know what the other officers get, no, sir.

Commissioner Harlan: Mr. Davis, I understand of course, that

you - essentially an officer of this railroad company.

Mr. Davis: Yes, sir.

Commissioner Harlan: But do you not often participate in conferences and have more or less to do with the shipments of this lumber and the sale of the lumber and its routing and finding markets for it?

Mr. Davis: No, the only conference that I could have in regard to the sale would be with Mr. Nelson, with regard to railroad material. As long as the railroads continue to buy delivered at junction points, the lumber companies throughout the southwest must know to some extent what the divisions are to those division points, and at various times I have conferred with him on that. I have nothing to do with the sale and do not know a thing about lumber.

Commissioner Harlan: Where is the repair shop of your line?

Mr. Davis: I think there is a small shop at De Ridder and a
good shop at Longville.

Commissioner Harlan: Who owns the Longville shop?

Mr. Davis: I think it is owned by the Longville Lumber Company.

Commissioner Harlan: Who owns the De Ridder shop?

Mr. Davis: I do not know whether that is owned by the Hudson River Lumber Company or not. Can you say, Mr. McLean, whether repairs are made at De Ridder?

Mr. McLean: Yes.

Mr. Davis: Who makes the repairs?

Mr. McLean: The Louisiana & Pacific. Mr. Davis: They make their own repairs?

Mr. McLean: Yes.

Mr. Davis: And at Longville, the Longville Lumber Company?

Mr. McLean: Yes.

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Mr. Cowan: We have been dealing with inland rates and I overlooked asking you about the export rates. I did try to do it once, but it escaped my mind in some way. Explain the application of the export rates, the divisions, the export rates, the traffic and the division of those rates.

Mr. Davis: I cannot give you much information about the volume of traffic. There is more or less traffic moving all the time. I

have not a statement of that.

Mr. Cowan: In the first place, what is the export rate? Mr. Davis: The rate to Port Arthur is 6 cents per 100 pounds, and the rate to Galveston is 6 cents per 100 pounds.

Mr. Cowan: From all points on your line?

Mr. Davis: Yes, sir; and the rate to New Orleans, I believe, at the present time, is 7 cents.

Mr. Cowan: What divisions are paid in each case?

Mr. Davis: On the Port Arthur and Galveston business we receive 2 cents, and on the New Orleans business 11/2 cents, to the best of my recollection.

1736 Mr. Cowan: When were these export rates extended to cover your lines and the Lake Charles & Northern from the

water points?

Mr. Davis: They were extended when the line was completed or shortly after that time.

Mr. Cowan: And by that you mean when this corporate organiza-

tion was made?

Mr. Davis: Yes, sir, when the line was completed into Lake Charles. Prior to that time we got out by the Kansas City Southern. Mr. Cowan: Did you get the application of the division by that

route?

Mr. Davis: 6 cents; yes, we received 2 cents.

Commissioner Harlan: Are there any private cars owned by your company?

Mr. Davis: Yes, sir; the Louisiana & Pacific have a private car.

Commissioner Harlan: For what purpose is it used? Mr. Davis: Well, I do not use it. Mr. Sweet uses it.

Commissioner Harlan: Can you tell us how often and for what purpose it is used?

Mr. Davis: No, I think he has used it two or three times this

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Commissioner Harlan: Have you issued any car and party

passes over your line?

Mr. Davis: I think so. Mr. Sweet-I do not think it is necessary for him as an officer of the company to have a pass, but I think he has one.

Commissioner Harlan: Well, it would be necessary for a car and party, would it not, over your line?

Mr. Davis: I think if he has one it would be issued car and so many employees; I think the Commission have a rule on that.

Commissioner Harlan: You own the telephone line, as I understand.

Mr. Davis: That matter has not been up with me.

Commissioner Harlan: Well, what is the fact? Someone said, I believe, that you used the telephone to some extent in operating trains.

Mr. Davis: Yes, sir, they use the telephone, as I understand it.

on the branch lines, and telegraph on the main line.

Commissioner Harlan: Do those telephone lines belong to

1738 the railroad company?

Mr. Davis: I think they do; I am not positive as to that. Commissioner Harlan: Well, that is the fact, is it not, Mr. Mc-Lean?

Mr. McLean: The Louisiana & Pacific does not own the telephone lines.

Commissioner Harlan: Who does own them?

Mr. McLean: Those lines were transferred to the Lake Charles

& Northern at the time the road was sold.

Mr. Davis: We are talking about the line from De Ridder to Bundick. The Lake Charles & Northern have nothing to do with that.

Mr. McLean: I am not in a position to say whether the Louisiana & Pacific own that or not.

Commissioner Harlan: Are you in a position to say who pays the

employés who operate that telephone?

Mr. McLean: We have no employees operating that telephone.

Commissioner Harlan: Well, they are used in running your trains are they not, those telephone lines?

Mr. McLean: Not that I know of.

Commissioner Harlan: Have you a telephone line along the main line?

1739 Mr. McLean: No, sir; not for the Louisiana & Pacific.
Commissioner Harlan: Who would know about the owner-ship of these telephone lines?

Mr. Rickey: What specific line are you inquiring about?

Commissioner Harlan: I will put the question to you. What

specific line do you know about?

Mr. Rickey: The Louisiana & Pacific built a line which was included in the sale to the Lake Charles & Northern main line. I understand there is a station at each of the junction points along the line, Lilly Junction, De Ridder Junction and Fayette for dispatching trains, but this line was sold to the Lake Charles & Northern.

Commissioner Harlan: Mr. Davis, I understood you to say you did not use the telephone lines on the main line in the train dis-

patching?

Mr. Davis: That is my observation. Perhaps I should have stated that I did not know, but I got it into my head we had a telephone line through from De Ridder to Lake Charles and that on the branch lines there was some sort of communication. I have nothing to do

with the operation of the trains, and am sorry I cannot give you the information.

Commissioner Harlan: We would like to get the information from some one, some one ought to be here who knows about

1740 all these things.

Mr. Garwood: I will ask you if it is not the common practice among railways to have joint use of tracks and joint agents?

Mr. Davis: I think it is. I just cited three cases right in this vicinity. There may be more. Those are all that occurred to me.

Mr. Garwood: Where there are such contracts as a rule the agents are joint and do business for both companies?

Mr. Davis: I understand that to be the case.

Mr. Garwood: And maintain a neutral attitude in the solicitation of business for the respective roads?

Mr. Davis: Yes, sir.

Mr. Blair: You spoke of a joint line between Cheneyville and Alexandria used by the Texas & Pacific and the Morgan Road.

Mr. Davis: Yes, sir.

Mr. Blair: Would it be usual for the Texas & Pacific to make joint rates with the Morgan Railroad from points on its line to any point on that joint line?

Mr. Davis: Would it be what?

1741 (Question read.)

Mr. Davis: I cannot understand it.
(The two previous questions were again read.)

Mr. Davis: I do not believe I could say. That would be a mat-

ter of agreement. I do not see anything unusual in it.

Mr. Blair: Is it not a matter of custom that two railroads under those circumstances never make joint rates? That is the fact in regard to the Texas & Pacific and the Morgan Company. If you do not know, of course I cannot bring that fact out by you.

Mr. Davis: I tried to explain in our case that where two lines are

competing it is not usual to interchange business.

Commissioner Harlan: Mr. Blair, what is your point of view in

putting these inquiries? I would like to get some idea.

Mr. Blair: Some comment was made on the fact that there were no joint rates between points on the Louisiana & Pacific and some points on the joint line operated by it and the Lake Charles & Northern, and the object of my question was simply to show that there was nothing unusual in the absence of joint rates between the Lake Charles & Northern and the Louisiana & Pacific under those circum-

stances. I had in mind the fact that we operate a joint line with the Texas & Pacific between Cheneyville and Alexandria, but the Texas & Pacific will not make joint rates with our

line for any point on its line to some point on that joint line.

Commissioner Harlan: Is it not rather usual when trackage rights are given to provide that the lessee line shall not have any local traffic, or shall not originate traffic on the leased tracks?

Mr. Blair: That does not exist in regard to the contract between

the Texas & Pacific and the Morgan company.

Commissioner Harlan: Well, that is the same interest, is it not?

Mr. Blair: Oh, no. The Texas & Pacific and the Morgan, one is a Gould line and the other is a Huntington line.

Commissioner Harlan: That seems to be all for the present com-

pany.

Mr. Cowan: I understand we are to finish the Louisiana & Pacific before we take up the others?

Commissioner Harlan: Yes. You have some other witnesses?

Mr. Thurmond: Yes.

(Witness excused.)

1743 Commissioner Harlan: I would like to ask Mr. McLean to take the stand.

Mr. Thurmond: Mr. McLean is the local Auditor for the line. We have the General Auditor here. I put Mr. McLean on just to prove the correctness of the figures as to tonnage. I simply stated that, so if you ask questions beyond Mr. McLean's domain, we can probably find some one else here to answer them.

DAVID McLEAN, was called as a witness, and having been previously sworn, testified as follows:

Commissioner Harlan: Mr. McLean, will you define again your position and the scope of your work for the Louisiana & Pacific?

Mr. McLean: My position is local auditor at De Ridder. I take care of and audit all of the revenues and expenses of the company so far as it pertains to the handling of freight and passenger service, and so on.

Commissioner Harlan: Do you mean over the whole line?

Mr. McLean: Yes.

Commissioner Harlan: Do you have to do with the expense account at all?

Mr. McLean: The expense accounts of the officials?
Commissioner Harlan: The operating expense account?

Mr. McLean: Yes.

Commissioner Harlan: Do you have clerks under you who make the actual entries on the books under your supervision?

Mr. McLean: Yes, sir.

Commissioner Harlan: Then I will put to you again the question whether in the expense account or operation of this track between De Ridder and Lake Charles there is anything there which shows whether that company runs a telephone line.

Mr. McLean: I think not. I think that there were one or two items of expense connected with telephone operation last year. It pertained to the purchase of cable for passing the line under certain

tracks, and that is all I know of.

Commissioner Harlan: Is there a telephone on your desk? Mr. McLean: Yes, sir, there is a telephone in my office.

Commissioner Harlan: Where is the central to and from which it is operated?

Mr. McLean: We have a central in our own building that connects us with the De Ridder central and the various agencies, various stations.

Commissioner Harlan: If you want to call up the auditor at Lake Charles, or any accounting officer at Lake Charles, or elsewhere, over what wires do you call it up?

Mr. McLean: That would be as I understand it over the wires of

the Lake Charles & Northern.

Commissioner Harlan: If you want to call up a railroad official at Bundick, what wires do you use?

Mr. McLean: As I understand that Bundick telephone, it is the

property of the lumber company.

Commissioner Harlan: Do you mean that runs over your rail

Mr. McLean: Now, your Honor, I do not know where it runs.

Commissioner Harlan: Is any one carried on your payrolls that has to do with the operation of that telephone line at Bundick?

Mr. McLean: No, sir.

Commissioner Harlan: Is it not used in operating your trains?

Mr. McLean: I could not say. Commissioner Harlan: Well, Mr. Davis has just said that it was.

Have you no information on that point?

Mr. McLean: I have not. I simply know that there is a telephone station at some of the junction points of the branches with the main line; that is all I know about it,

Commissioner Harlan: You do not know whose telephone

line that is?

Mr. McLean: I do not.

Commissioner McLean: Does anyone here know?

Mr. McLean: Why-

Commissioner Harlan: Cannot we get some information on this from some one who knows.

Mr. Sweet: The telephone line between De Ridder and Bundick belongs to the Hudson River Lumber Company.

Commissioner Harlan: And it reaches their camp?

Mr. McLean: Yes.

Commissioner Harlan: And is in use in the operation of your railroad?

Mr. Sweet: I do not think so.

Commissioner Harlan: Mr. Davis said it was.

Mr. Sweet: I do not think so.
Mr. Davis: I said I have been out over that line and I observed a telephone line. I do not think I said it was used for that, because I really do not know.

Commissioner Harlan: Perhaps I was mistaken, but I understood you to say that the main line as you call it, was operated 1747 under a telegraph system, and the branch lines by telephone system.

Mr. Davis: I may have said something to that effect, but that was simply from observation.

Commissioner Harlan: Now, Mr. Sweet, are there any offices and

stations along the right of way of that branch line?

Mr. Sweet: Trains operating on the Bundick Branch, as I understand, leave De Ridder under the direction of the Dispatcher of the main line; they have to pass out over the tracks of the main line, as you will notice on the map, and then they have $7\frac{1}{2}$ miles of run to Bundick, one train operating over that track. They do not come in contact with any other trains, and they are not dispatched, as I understand.

Commissioner Harlan: Is there any telephone office out on that line?

Mr. Sweet: There is a telephone office out there, ves, sir,

Commissioner Harlan: When the train starts back, is not the telephone used?

Mr. Sweet: They have the right to the tracks; there is no necessity for them getting orders until they get to De Ridder.

748 Commissioner Harlan: Am I to understand that the telephone is never used to give any orders by the railroad officials?

Mr. Sweet: I could not say as to that.

Commissioner Harlan: Is there anyone here who can say?

Mr. Sweet: It is used, I presume occasionally. Mr. Boswell might give you that.

Commissioner Harlan: Well, I will not pursue that inquiry any farther. No one here seems to know how the business is done on the branch lines. I will ask this further question of you, Mr. McLean: Do the operating expenses include any item for the maintenance of this telephone line?

Mr. McLean: No, sir.

Commissioner Harlan: Do you know how the taxes are assessed on the track that belongs to the Louisiana & Pacific?

Mr. McLean: I do not.

Commissioner Harlan: Have you ever looked into that matter?

Mr. McLean I have not.

Commissioner Harlan: Do you know anyone who does know?

Mr. McLean: I think our general auditor has.

Commissioner Harlan: Is the general auditor here? Mr. McLean: Yes, sir; Mr. Rickey.

Commissioner Harlan: Mr. Rickey, will you tell us about 1749 this matter of taxes, on what basis they are assessed?

Mr. Rickey: I am not prepared to answer that, Mr. Com-

Commissioner Harlan: Had you anything to do with making the

return to the assessing officials?

Mr. Rickey: Yes, sir, we make annual reports required on their

blanks, but I have not copies here.

Commissioner Harlan: Have you no recollection on that point?

Mr. Rickey: No.

Commissioner Harlan: Mr. Sweet, did you not make a report to the taxing official?

Mr. Sweet: We have a party who attends to that specially. It is his duty.

Commissioner Harlan: Is that party in court?

Mr. Sweet: No. sir.

Commissioner Harlan: Do you know on what basis you work that out?

Mr. Sweet: I could not say. The reports are furnished to the authorities over here in Louisiana, and we have his report here.

Commissioner Harlan: If you can, take from that report

1750 what it was.

Mr. Sweet: I think the report as to the assessment to the right of way and so forth was made on the basis of their being exempted from taxation for that part under a certain law, that is that which was constructed for a certain period. Now I do not handle that and am not familiar with it.

Commissioner Harlan: I want to know on what basis the taxes

were assessed? Do you know?

Mr. Sweet: No, I do not know.

Mr. Thurmond: This book shows it for 1908 and 1909, before the

Railroad Commission.

Commissioner Harlan: Mr. Sweet, do you not know that the taxewere assessed on the same basis that is applied to tap lines and logging roads, and so forth?

Mr. Sweet: I do not know about that, your Honor.

Commissioner Harlan: Did you not yourself make a return to the assessing officials to that effect?

Mr. Sweet: I do not think so. I think that was made by our Commissioner who looks after that.

Mr. Thurmond: His name is Sweet.

familiar with the situation as it exists on the Southern Pacific Railway. The return is made to the State Board of Appraisers on blanks provided by the State Board. The rate of taxation or assessment, rather, is settled by that State Board of Appraisers, according to its published report. The laws of Louisiana exempt railroads constructed in the state for ten years after their construction from taxation for state and parochial taxes, but they are liable for special taxes levied in the district through which they run. For instance, for school taxes, or some special tax like a special school tax that is not a parochial school tax.

Commissioner Harlan: Well, do you know what the basis of that

assessment was?

Mr. Martin: It is set forth in the report of the State Board of Appraisers. I thought that that was the report of the State Board of Appraisers that you had before you. I can find one in the city. That is the Railroad Commissioners' report I find, but the State Board of Appraisers make a report.

Mr. Rickey: I might say for the year ending June 30, 1910 our taxes amounted to approximately \$2,213, as assessed by the State

Board.

Commissioner Harlan: That still does not give the basis of the assessment, and that is what the Commission desires,

Mr. Martin: I will say further, for the information of the Commissioner, that I have a copy of that report at home, and I have looked it over, but I have not memorized sufficiently to state positively, but that the different roads are assessed according to the value of the material entering into them, according to the weight of

the steel, and so forth, and the equipment is assessed according to its value.

Mr. Garwood: I do not know how it is in Louisiana, but in Texas when we go before the county boards of equalization, each railroad

scrambles for the lowest valuation it can get.

Commissioner Harlan: That seems to be a usual course of conduct. Well, the Commission will advise itself on this question. Mr. McLean, it appeared yesterday that until quite recently this railroad company was indebted to a substantial amount, I have forgotten the exact figures, in the form of notes held by four different lumber companies. Do you know what the origin of that indebtedness in each case was?

Mr. McLean: I have understood, sir, that it was the purchase price of that part of the line purchased from those various lumber com-

panies.

Commissioner Harlan: That is to say, the individual debt due to each company covers the book value of the railroad property acquired from that company?

Mr. McLean: From that company; yes, sir.

Commissioner Harlan: It amounted in all to about \$306,000?

Mr. McLean: I think it amounted, when refunded by the bonds

issued, to approximately \$500,000.

Commissioner Harlan: Well, do you mean bonds were issued in excess of the amount of the indebtedness?

Mr. McLean: Yes, sir.

Commissioner Harlan: It was for that reason that I had lost sight of that fact. Were the bonds divided among these lumber companies in about the proportion of the indebtedness that was due to them, or did they go into other hands?

Mr. McLean: I understand that the notes held by those lumber companies were taken up and bonds in like amount given them in-

stead.

Mr. Thurmond: The general auditor can give you more information along those lines than this man, if you want to have him do so.

Commissioner Harlan: That may be, and if so, I would like to have him give it. But Mr. McLean testified on these points yester-

day. Judge Cowan, have you any questions?

Mr. Cowan: There are a few question I wanted to ask Mr. McLean, but unfortunately I have forgotten most of them. How far back in this transaction were you personally acquainted with the organization of these companies and the issuance of securities, and the like?

Mr. McLean: I commenced work for the Louisiana & Pacific

three years ago.

Mr. Cowan: You were not there at the inception of the organization of the railroad company and its relations with the Lake Charles & Northern by these contracts and so forth?

Mr. McLean: No. I am familiar with the contracts we operate

under.

Mr. Cowan: But that is just by having seen the contracts?

Mr. McLean: Yes, sir, by having seen them.

Mr. Cowan: Do you keep up the books, the general office books,

of the Louisiana & Pacific Railway, as an auditor in charge of all of its accounts?

Mr. McLean: Yes, sir.

Mr. Cowan: And I suppose you have reported or do report the physical properties, the equipment, and everything of that kind, that is in your department, in the accounts reported to the Interstate Commerce Commission?

1755 Mr. McLean: Yes, sir, I have filed those figures.

Mr. Cowan: Is this private car part of your equipment?
Mr. McLean: It belongs to the Louisiana & Pacific Railway, yes, sir.

Mr. Cowan: What use has the Louisiana & Pacific Railway for a private car?

Mr. McLean: Why, that car is used by our vice-president.

Mr. Cowan: Who is that? Mr. McLean: Mr. Sweet.

Mr. Cowan: Well, we have been hearing round that it was a very fine car, and all that, and I wondered how a little railroad like this could afford any such equipment. Can you tell us what it is carried at in your equipment cost?

Mr. McLean: In our equipment account it is carried at—I cannot give you an exact amount, but I can give it to you within a few

hundred dollars-\$20,000.

Mr. Cowan: \$20,000. Mr. McLean: Yes.

Mr. Cowan: Where do you keep it?

Mr. McLean: Wherever Mr. Sweet happens to be. I think-

Mr. Cowan: Is it kept on your line?

Mr. McLean: If he is on our line; yes, sir.

Mr. Cowan: You know what I mean now?

Mr. McLean: I don't know where the car is, because I am not with the car.

Mr. Cowan: Well, you hardly ever see it?

(No response.)

Mr. Cowan: Do your accounts show the car mileage paid to other companies for the carrying of that car over their lines?

Mr. McLean: My accounts do not show any car mileage paid to other companies for the handling of that car.

Mr. Cowan: And you do not pay any? Mr. McLean: My accounts do not show it.

Mr. Cowan: I am asking you if you pay it. You say they do not show it. Now, does the Louisiana & Pacific pay car mileage on that car over foreign lines?

Mr. McLean: If it did, it would appear in my books.

Mr. Cowan: That is what I was getting at. The fact it does not appear on the books means you do not pay it?

Mr. McLean: We do not pay it.

Mr. Cowan: Do you know whether it moves under a pass arrangement over the foreign lines?

Mr. McLean: I do not know under what arrangement it

1757 moves over foreign lines.

Mr. Cowan: Do your accounts show any repairs of that car?

Mr. McLean: Yes, sir.

Mr. Cowan: And where are those repairs made?

Mr. McLean: I believe the last time that car was repaired it was repaired at the shops at Longville, Louisiana.

Mr. Cowan: Well, that is probably some very unimportant repairs?

Mr. McLean: No. I think it was rather extensive

Mr. Cowan: From whom did your railroad empany purchase that car?

Mr. McLean: I do not know.

Mr. Cowan: It was there when you came? Mr. McLean: It was there when I went there.

Mr. Cowan: What is the average cost of maintenance of that car?

Mr. McLean: I could not state positively the average cost.

Mr. Cowan: Do you pay for the porters and, to use Mr. Kirby's expression, the "vittles" and so on?

Mr. McLean: Yes, sir.

Mr. Cowan: I suppose of course it is a prohibition car?

Mr. McLean: Undoubtedly; when in Texas it is, I think
1758 Mr. Cowan: And does Mr. Sweet eat all these supplies or
does he have others of the lumber companies with him to aid
him in the consumption of the commissary?

Mr. McLean: Well, now I could not say.

Mr. Cowan: Well, there must be some considerable expense in the maintenance of a car worth \$20,000, and I thought maybe you would know what it was.

Mr. McLean: I do not know. I could not state exactly what the average cost of the maintenance of the car is.

Mr. Cowan: Can you state approximately what it is?

Mr. McLean: I would not care to say.

Mr. Cowan: What is that?

Mr. McLean: I would not care to say.

Mr. Cowan: Well, I know you would not-

Mr. McLean: I don't mean that. I am quite willing to say if I knew, if I knew positively I would tell you and would be glad to.
Mr. Cowan: It is not put in separately into your accounts in the reports to the Interstate Commerce Commission?

Mr. McLean: No.

Mr. Cowan: It goes in under the head of repairs and renewals of ears?

1759 Mr. McLean: The repairs to the car of course go under the

passenger car repairs.

Mr. Cowan: Where do the expenses that enter into the maintenance of equipment—where do the expenses of this porter or these porters, and the commissaries—where does that go into the accounts which go to the Commission, under what head?

Mr. McLean: Under the head of salaries and expenses of clerks

and attendants and general officers, of course.

Mr. Cowan: That car is not used for the purposes of your railroad is it? It is used for the purposes of the people who own the lumber companies?

Mr. McLean: Well, now, so far as I know, it is used for the pur-

poses of the railroad.

Mr. Cowan: And what purposes of the railroad?

Mr. McLean: I never have discussed any lumber business with Mr. Sweet in that car.

Mr. Cowan: You transact railroad business with him?

Mr. McLean: I have transacted railroad business with him in that car,

Mr. Cowan: Aside from the meetings of officials in the car, for what railroad purposes is it used?

Mr. McLean: Well, positively I could not state. I pre-

1760 sume general railroad purposes.

Mr. Cowan: It is kept at Kansas City principally, is it not?
Mr. McLean: I could not say that. I do not know where the

car is except when it is down on our own line.

Mr. Cowan: You answer that you do not know where it is generally kept. You are not familiar with the bond issues that are placed on the market for sale of the lumber companies, are you?

Mr. McLean: No.

Mr. Cowan: Nor the interest that they bear?

Mr. McLean: No.

Mr. Cowan: What do you do with the money? Do you get the money? You keep the accounts. Do you get the money that comes into this railroad company?

Mr. McLean: Yes, sir.

Mr. Cowan: What do you do with it?

Mr. McLean: It is deposited with the Calcasieu National Bank at Lake Charles and the First National Bank at Kansas City, Missouri.

Mr. Cowan: Principally which?

Mr. McLean: The largest balance right now is with the First National Bank of Kansas City, Missouri.

Mr. Cowan: Do you issue the vouchers for payments out of this money?

Mr. McLean: Yes, sir.

Mr. Cowan: And it principally goes for the payment of interest on the indebtedness, does it not, after the payment of operating

expenses?

Mr. McLean: Well, no, the interest on the indebtedness is six per cent, on the bonded indebtedness of the road, and the operating expenses are a great deal more, and the principal part of it would be operating expenses.

Mr. Cowan: Do you have a net income over and above the fixed

charges?

Mr. McLean: Yes.

Mr. Cowan: And to what account is that carried? Is that car-

ried in a surplus?

Mr. McLean: That is carried into surplus account, yes, in accordence with the requirements of the Interstate Commerce Commission.

Mr. Cowan: How much does that amount to per year?

Mr. McLean: For the last fiscal year it was \$16,000 and some hundred dollars.

1762 Mr. Cowan: You did not declare any dividends to the stockholders?

Mr. McLean: Last year?

Mr. Cowan: Yes.

Mr. McLean: Yes, sir, we did. Mr. Cowan: How much?

Mr. McLean: Seventy per cent stock dividend.

Mr. Cowan: Seventy per cent?

Mr. McLean: Yes.

Mr. Cowan: Do you happen to know now yourself who happened to get that money?

Mr. Rickey: May I answer that question as to dividends?

Mr. Cowan: If he knows, let him answer. He said he handles the money.

Mr. Rickey: He did not answer it fully. There was a stock divi-

dend and not a cash dividend.

Mr. Cowan: Well, I asked him if they paid a dividend and he said ves. Was it a cash or a stock dividend?

Mr. McLean: Stock dividend, I said.

Mr. Cowan: Did you pay any cash dividend?

Mr. McLean: No.

Mr. Cowan: Who got the stock dividend?

1763

Mr. McLean: The stockholders. Mr. Cowan: You issued that, did you?

Mr. McLean: No, I did not issue the stock certificates.

Mr. Cowan: No money accrues to the stockholders of the lumber company from the operation of this railroad unless it comes from the interest on bonds?

Mr. McLean: No.

Mr. Cowan: Or in the form of advantage in the operation of the lumber company?

(No response.)

Mr. Cowan: Do you know anything about why there was a 70 per cent stock dividend issued?

Mr. McLean: No, I did not know why it was decided to issue

that stock dividend.

Mr. McLean: Are you accumulating any surplus so you can pay any cash dividend on that stock?

Mr. McLean: We have a surplus. Now, what the management

of the road will decide to do with it I am not advised.

Commissioner Harlan: When you issued the stock dividend, it went on the liability side of the account?

Mr. McLean: Yes.

Commissioner Harlan: What went on the other side? Mr. McLean: The surplus represented by that dividend had been used for improvements and additions.

Commissioner Harlan: How did you enter up the item on the other side of the account, in what form?

Mr. McLean: It is charged to surplus.

Commissioner Harlan: What was the amount of the stock dividend?

Mr. McLean: \$21,000.

Commissioner Harlan: In the surplus account what entry did you make?

Mr. McLean: Your Honor, I do not believe I quite understand

your question.

Commissioner Harlan. If you charge it to surplus, you put some

entry in the surplus account, did you not?

Mr. McLean: Well, we charge surplus and credit capital stock, of course, if I can understand your question; that is the only book transaction there would be.

Commissioner Harlan: Well, Judge Cowan, will you proceed with

this witness, if you have any further questions?

Mr. Cowan: I have none.

Commissioner Harlan: Have you any further questions, Mr. Thurmond?

1765 Mr. Thurmond: No, sir. We did not recall him.

(Witness excused.)

P. C. RICKEY was recalled as a witness, and having been previously sworn testified as follows:

Mr. Thurmond: You are the general auditor of the Louisiana & Pacific Railway Company?

Mr. Rickey: I am.

Mr. Thurmond: You are auditor for some number of other companies?

Mr. Rickey. Yes, sir.

Mr. Thurmond: Probably 20 or 25?

Mr. Rickey: About 27, I judge; the supervising auditor.

Mr. Thurmond: His Honor asked something about the issuance of the bonds of the Louisiana & Pacific Railway. Will you explain that bond issue?

Mr. Rickey: Well, the Louisiana & Pacific Railway is an incorporation with an authorized capital stock of about \$200,000, of which only \$30,000 has been issued for cash, and they were able to acquire

only \$30,000 has been issued for cash, and they were able to acquire more or less railroad material and equipment along their line on a time basis, by purchase on a time basis, for which

they gave notes bearing interest at six per cent, and they issued a bond issue, authorized issue of \$600,000, using these bonds, which were secured by mortgage on the entire properties to refund the notes, together with the sale of such bonds as were necessary to acquire additional working capital. For instance, the bonds were taken by various individuals for investment, by banks and trust companies.

Mr. Thurmond: You have no means of knowing where those

bonds are now, unless they happen to be registered?

Mr. Rickey: I only know from hearsay and conversation with the bondholders.

Mr. Thurmond: Do you know in that way that they are scattered among a number of owners?

Mr. Rickey: Yes, sir, scattered quite largely. I know of promi-

nent banks and trust companies that have them, as well as the lumber companies from whom the property was acquired.

Mr. Thurmond: The bond issue was in excess of the debt of the

company?

Mr. Rickey. The authorized issue was, not the actual issue.

Mr. Thurmond: Do you know of some blocks of those bonds being disposed of to persons who had no interest in any of these mills and lumber companies?

Mr. Rickey: Yes, sir; quite a number of bonds.

Mr. Thurmond: You might give one or two. The Commissioner

seems interested in that point.

Mr. Rickey: The First National Bank of Kansas City; the Calcasieu National Bank of Lake Charles; the Merchants National of Houston, I believe has \$15,000.

Commissioner Harlan: Those first two banks are banks where

your accounts as a railroad are kept?

Mr. Rickey: We have an account kept with the First National-

yes, the first two banks.

Mr. Thurmond: Do you know of some individuals not interested in the lumber companies that own some of those bonds, or did own them?

Mr. Rickey: I cannot recall any at this time.

Mr. Thurmond: Well, you know of some people who have bought

the bonds simply as an investment?

Mr. Rickey. Yes, sir, who had a general knowledge of our property; people who were not stockholders in the company and not associated with it.

Mr. Thurmond: Have you a surplus on hand now, the Louisiana

& Pacific?

1768 Mr. Rickey: Yes.

Mr. Thurmond: Have you paid interest on your indebtedness as it fell due?

Mr. Rickey: Yes, sir.

Commissioner Harlan: What is the amount of the surplus?

Mr. Rickey: It is about, around \$40,000.

Commissioner Harlan: Well, you need not stop on the exact amount.

Mr. Rickey: It is \$51,000.

Mr. Thurmond: Are you accumulating it at this time for any particular purpose?

Mr. Rickey. Well, we have our semi-annual interest to meet January 1st on our indebtedness, amounting to about \$30,000 to \$35,000.

Commissioner Harlan: Have you stated that as a surplus without making a cross entry of this accrued interest?

Mr. Rickey: No, this surplus is in addition to that accrual.

Commissioner Harlan: \$51,000?

Mr. Rickey: Yes, sir. I thought he meant a surplus of cash.

Mr. Thurmond: I used the word surplus not in the accounting sense, but if you had a balance on hand.

1769 Mr. Rickey: We are conserving all the cash we can get to meet our obligations. Mr. Thurmond: Have you bought or contracted recently for any new equipment?

Mr. Rickey: Yes, sir. Mr. Thurmond: Cars?

Mr. Rickey. Yes, we have quite a number of cars ordered now

and delivered, and several engines.

Mr. Thurmond: The Commissioner asked yesterday some one about the operating ratio. Can you give him that on the Louisiana & Pacific?

Mr. Rickey: About 65.8 per cent.

Mr. Thurmond: 65.81 we have it here.

Mr. Rickey: 65.81; that is the cost of operating, not including interest charges and depreciation.

Commissioner Harlan: Not including depreciation.

Mr. Rickey: I beg pardon; it does include depreciation; yes, sir.
Mr. Thurmond: That will give your Honor an idea of the information of the witness.

Commissioner Harlan: I merely wanted to correct that statement

about depreciation.

1770 Mr. Thurmond: My questions doubtless have given your Honor an idea of what the witness is, and if you have any questions I have nothing further.

Commissioner Harlan. No, I think not.

Mr. Cowan: You spoke about being auditor of a great many companies. I suppose that includes all these lumber companies of the Long-Bell interests?

Mr. Rickey: Yes, sir.

Mr. Cowan: And includes the different railroads which have been mentioned here serving those lumber concerns?

Mr. Rickey: Yes, sir.

Mr. Cowan: And your office is kept where; at Lake Charles?

Mr. Rickey: At Kansas City.

Mr. Cowan: And do you divide the expense of this auditing office

among the different lines and lumber companies?

Mr. Rickey: No, my office at Kansas City is a supervising office; the expense is borne by such companies as receive the benefits of the clerical work.

Mr. Cowan: I do not understand it, and am just trying to understand it. Are you simply an employee for these concerns only, or do you run a general auditing office in Kansas City?

1771 Mr. Rickey. No, I am employed by the Long-Bell Lumber Company's interests, and Mr. Long's interests in general.

Mr. Cowan: You have one office at which this general service is performed for all these companies?

Mr. Rickey: Yes, sir.

Mr. Cowan: And each company has its own auditor at its place of business?

Mr. Rickey: Yes.

Mr. Cowan: And you might call him a bookkeeper, I suppose?

Mr. Rickey: Chief clerk, ranking accountant, I mean.

Mr. Cowan: And that is the case with the lumber companies and each one of those railroads?

Mr. Rickey: Yes.

Mr. Cowan: They all make reports to you?

Mr. Rickey: Yes.

Mr. Cowan: Do the railroads spoken of make their annual reports to the Railroad Commission of Louisiana and to the Interstate Commerce Commission direct from their offices, or do you make those reports?

Mr. Rickey: They are prepared in the local offices. All 1772 the general records or detailed records of each railroad are

kept in its own local office.

Mr. Cowan: Is there a general auditing of books of the lumber companies in the office, so that you know what the expenses and the earnings and capitalization and interest and all of that is?

Mr. Rickey: Yes.

Mr. Cowan: Your own books, then, constitute a compendium of the business of each lumber company in your office?

Mr. Rickey: No, sir; the books do not, no, sir.

Mr. Cowan: What would they contain, what general character of information?

Mr. Rickey: Business relating to the individual companies; each

company has its own set of books.

Mr. Cowan: Well, that is what I meant. If Mr. Long wants to know what the situation is in regard to any one of the lumber companies, he goes to your office for it?

Mr. Rickey: Yes.

Mr. Cowan: And there you can tell him everything that there is about it, so far as all of the property owned, the indebtedness, the interest, taxes and operating expenses, the stock of lumber on hand, the sales, and the bills receivable, and so on?

1773 Mr. Rickey: Yes. sir.

Mr. Cowan: Now, that general account you get as a transcript from the local bookkeeper at a particular mill, or——

Mr. Rickey: I get the reports from him, the financial reports.
Mr. Cowan: But the local man at the mill has nothing to do with
the indebtedness, interest and the general administration expenses.
You would handle that at your own office?

Mr. Rickey: It is all disbursed through his office, the receipts and disbursements are handled by the local people.

Mr. Cowan: Is that directed from your office?

Mr. Rickey: Not in detail, no, sir.

Mr. Cowan: But the whole thing is concentrated there at Kansas City under your supervision, and the work performed by these fellows out where the mill is or the railroad is operated?

Mr. Rickey: I supervise their detail and outline their method of

accounting, and so forth.

Mr. Cowan: Mr. Long has his office there with you or you with him?

Mr. Rickey: Yes, sir, the same building.

Mr. Cowan: The general sales agent has his office there?

Mr. Rickey: Yes. sir. 1774

Mr. Cowan: Is he general sales agent of all these lumber companies of which you are auditor?

Mr. Rickey: I might say so. He sells their output.

Mr. Cowan: Well, all of these lumber companies have one general sales department, have they not; that is, they have a general agency for the sale of the entire output of all these common interests?

Mr. Rickey: They have arranged with one sales office to handle

their entire output.

Mr. Cowan: Who is in charge of that? Mr. Rickey: Mr. N. B. Nelson.

Mr. Cowan: You have nothing to do with that?

Mr. Rickey: Not with the sales.

Mr. Cowan: Do you have to do with the collection of the money, or does it go back to each mill from which the lumber is shipped? Mr. Rickey: No, it is collected by the Long-Bell Lumber Com-

pany.

Mr. Cowan: There at Kansas City? Mr. Rickey: Yes, sir.

Mr. Cowan: And you keep your account with the First National Bank, somebody else said? 1775

Mr. Rickey: No. I did not say so. Mr. Cowan: I will ask where it is kept.

Mr. Rickey: The Long-Bell Lumber Company?

Mr. Cowan: Yes. These lumber companies; where do they keep their bank accounts?

Mr. Rickey: In various banks of Kansas City; four or five banks. Mr. Cowan: The money is collected for lumber that is sold through this sales agency; does that money come to you at Kansas City for entry on the books?

Mr. Rickey: Yes, sir.

Mr. Cowan: And you make the deposits in the bank?

Mr. Rickey: Yes, sir. Mr. Cowan: And in whose name?

Mr. Rickey: The Long-Bell Lumber Company?

Mr. Cowan: You are acquainted with the capitalization and all of that, of the Long-Bell Lumber Company?

Mr. Rickey: Yes, sir.

Mr. Cowan: The Long-Bell Lumber Company is composed of what, of these different companies?

Mr. Rickey: No, they are all individual companies that you

speak of.

1776 Mr. Cowan: I have a circular which you must know about, offering for sale bonds, I think it is bonds, some sort of securities, which I would like to hand you for the purpose of examination to see if you are familiar with the circular.

Mr. Rickey: I recognize it, yes, sir.

Mr. Cowan: Does that circular contain a correct statement of the capitalization and various forms of bonds and securities and assets and so on of the company?

Mr. Rickey: You are asking that for the purpose of investing in these bonds?

Mr. Cowan: How is that?

Mr. Rickey: Yes, it is correct; approximately correct.

Mr. Cowan: Without going to the trouble or taking time to read it, I should like to file it.

Commissioner Harlan: It may be marked.

(The statement so offered and identified was received in evidence and thereupon marked Intervenors' Exhibit No. 1, witness Rickey, received in evidence December 14, 1910, and is attached hereto.)

Mr. Garwood: We have not seen it, and I reserve the right to make any objection. I do not know whether it has any relevancy to this matter or not.

1777 Commissioner Harlan: Of course you may make objec-

tions after you have inspected it, Mr. Garwood.

Mr. Cowan: I may not understand you correctly, and if I do not, you can attribute it to my ignorance and not to your failure to have stated it right. When the general sales agent makes a sale for some other of these lumber companies than the Long-Bell Lumber Company, the Lufkin Land & Lumber Company, for example, and you collect the money, is that money deposited first to the Long-Bell Lumber Company?

Mr. Rickey: Yes.

Mr. Cowan: And then do you distribute it to the account of the Lufkin Land & Lumber Company?

Mr. Rickey: No.

Mr. Cowan: Does the Long-Bell Lumber Company?

Mr. Rickey: We have paid the Lufkin Company for anything

they have shipped for our account.

M1 Cowan: The whole business is handled through the Long-Bell Lumber Company, but each lumber company is paid for the lumber it supplies; is that it?

Mr. Rickey: Yes, the Long-Bell Lumber Company will sell lumber, buying it from the mills which you have named, as well as other mills, buy it where they can, buy the stock to the 1778 best advantages of their sales department.

Mr. Cowan: How many mills does the Long-Bell Com-

pany operate in its own interest?

Mr. Rickey: The Long-Bell Company does not operate any mills.

Mr. Cowan: Just what is the Long-Bell Company?

Mr. Rickey: The Long-Bell Lumber Company is a selling company, you might say; a sales company.

Mr. Cowan: What are its assets?

Mr Rickey: The Long-Bell Lumber Company's assets?

Mr. Cowan: Yes.

Mr. Rickey: The usual character of a sales company or lumber company; it is a timber holding company.

Mr. Cowan: Is it incorporated?

Mr. Rickey: Yes.

Commissioner Harlan: You mean it owns timber lands?

Mr. Rickey: Yes, sir, but no mills.

Mr. Cowan: It owns timber lands, but does not operate any saw mills, 1 believe you stated?

Mr. Rickey: Yes.

Mr Cowan: Does it own the timber lands which are owned by these lumber companies of which you are auditor, which do 1779 operate the saw mills?

Mr. Rickey: No, sir.

Mr. Cowan: Does it handle the entire output of these saw mills, of which you are auditor?

Mr. Rickey: Approximately, except what they might sell within

the corporate limits of their little towns.

Mr. Cowan: And fixes the prices, or rather agrees with the purchaser on the price at which the lumber is sold?

Mr. Rickey: Yes, sir; they agree with the purchaser.

Mr. Cowan: And that is through a common sales agency?

Mr. Rickey: You mean the retail yard purchaser, or whoever buys it?

Mr. Cowan: Yes.

Mr. Rickey: Yes, sir.
Mr. Cowan: Does the Long-Bell Company operate retail yards?

Mr. Rickey: Yes, sir. Mr. Cowan: How many? Mr. Rickey: From 70 to 80.

Mr. Cowan: Where are they principally located?

Mr. Rickey: Kansas and Oklahoma, 16 or 17 on Santa Fe points.

1780 Mr. Cowan: How do you get your lumber to the Santa Fe points?

Mr. Rickey: I do not know.

Mr. Cowan: You know nothing about the operation of the railroad, and its relation to the other carrying lines which get the lumber to the place of sale?

Mr. Rickey: No, not in that detail of routing.

Mr. Cowan: What does the Long-Bell Lumber Company get for the service of handling the output of these mills?

Mr. Rickey: A commission.

Mr. Cowan: The ordinary commission that is charged in such a case?

Mr. Rickey: I think so, yes, sir; a small commission per thousand

Mr. Cowan: Mr. R. A. Long himself owns a controlling interest in each one of these lumber concerns?

Mr. Rickey: Yes, sir.

Mr. Cowan: And are the other owners of the Long-Bell Lumber Company also interested in the different lumbering concerns, the 30 odd that you are auditor of?

Mr. Rickey: They are not all lumber concerns.

Mr. Cowan: Well, those that are lumber concerns.

Mr. Rickey: To some extent, yes; so far as we, as employees—we have been permitted to invest our savings usually.

Mr. Cowan: It is perfectly legitimate and proper, and undoubt-

edly you have got a pretty good thing. You have been able to beat Mr. Harriman in a trade pretty badly, and doubtless it is a money making proposition.

Mr. Rickey: No, it is a saving proposition.

Mr. Garwood: Is that submitted by way of argument or suggestion?

Mr. Cowan: Well, I thought it was wit.
Mr. Garwood: I did no; recognize it as such.

Commissioner Harlan: You took it seriously, did you, Judge Garwood?

Mr. Garwood: Yes.

Mr. Cowan: Who are the individuals who own practically all the stock in the Long-Bell Lumber Company?

Mr. Rickey: What percentage would you consider practically all

the stock?

Mr. Cowan: Well, you can just use the word any way you please.
Mr. Rickey: Mr. Long, the president of the company, is the largest stockholder; Mr. Sweet, Mr. Bannister, Mr. Nelson,

1782 Mr. Forsman, myself, Mr. Davis—no, not Mr. Davis; Mr. Nelson over here, the sales manager.

Mr. Cowan: So you have left Mr. Davis out high and dry on some account. He is nothing but a traffic man?

Mr. Rickey: I don't know about that.

Mr. Cowan: Do these same individuals also hold a holding in the saw mills which operate down here?

Mr. Rickey: Mr. Long is the principal stockholder in each saw-

mill company.

Mr. Cowan: How long have you been with the Long-Bell Lumber Company?

Mr. Rickey: Since the middle of 1905.

Mr. Cowan: Was that about the time of the genisis of the organization of this Louisiana & Pacific and these other railroads into operating railroad companies? I just forget the date.

Mr. Rickey: I think so.

Mr. Cowan: You were there when that was planned and put through, then?

Mr. Rickey: I think so; yes.

Mr. Cowan: Were you connected with the transaction as an auditor at that time?

Mr. Rickey: I outlined the accounting methods; yes, sir,

Mr. Cowan: You also had previously been in the employment of the different lumber companies comprising this interest? I assume you have at least.

Mr. Rickey: I was in my present association or connection; yes.
Mr. Cowan: Mr. Andrews calls my attention to the statement in
this circular, which you doubtless can explain, as you state the LongBell did not own any saw mills; in stating the assets covered by the
mortgage, it says "In addition, this mortgage covers seven large modern saw mill plants, together with their full equipment, including
planing mills" and so on. That is correct, I suppose, being in this
statement?

Mr. Rickey: For the purpose of the bond issue the property was deeded to the Long-Bell Lumber Company and in the legal manner, and an exchange of instruments between the various companies was effected, whereby the Long-Bell Lumber Company had title sufficient to execute the trust deed, and the property was then deeded back subject to the trust deed, in order that the holding companies would re ceive their pro rate.

Mr. Cowan: You might explain briefly how that was done. Commissioner Harlan: I think the witness has explained.

Mr. Rickey: I think I did.

Mr. Cowan: Then I will ask this question: What companies were they that deeded their properties to the Long-Bell Company, and then after the trust deed was given, re-

ceived it back?

Mr. Garwood: We have interposed no objection up to this time. Of course in so far as there is any community of interests, stocks and so forth of the lumber companies in the railroad, we think that would throw light on the transaction and is relevant, but it seems to me this inquiry now has passed quite beyond all that, and assumethe attitude of one lumber company pursuing an inquiry into the various details of another lumber company per se, as absolutely disconnected from any transportation problem. Now, if we are going into that, and take up the details of this matter, and then go in and take up the details of the rival company, as in common fairness, if it is going to be a fishing expedition on the part of all of us who represent lumber interests, this hearing will never end. There are a vast number of interests here who wish to put the salient points of their cases before your Honor just as rapidly and as fast as we can, and I would like to suggest that there ought to be some limit to the minuteness of this inquiry. As to the main proposition, the community

of interest, as a matter of course, so far as it throws any light on this investigation, it is proper to go into it, but I submit

to go into the terms and conditions of timber mortgages and all that sort of thing is pursuing the inquiry beyond any reasonable

limits, and we never will get through.

Commissioner Harlan: Judge Cowan, aside from the consumption of time, I think the objection as stated by Judge Garwood is well founded. I think the community of interests has been shown, so far as this evidence tends to show it, and the other details are perhaps not of value to this record.

Mr. Cowan: I am not attempting to go into the private matters. but I am attempting to show on the record the things which are shown on the public deed records of the company. I simply wanted to know who the companies were whose mills were included in the

Commissioner Harlan: The witness may state that.

Mr. Rickey: The Calcasieu Long-Leaf Lumber Company: Hudson River Lumber Company; King-Ryder Lumber Company; Longville Lumber Company; Lufkin Land & Lumber Company; Rapides Lumber Company.

Commissioner Harlan: Which of these lumber companies are not

on the line of the Louisiana & Pacific?

Mr. Rickey: The Rapides is on the line of the Woodworth
1786 & Louisiana Central; the Lufkin Lumber Company is in
Texas on the line of the Cotton Belt, and the Houston, East
& West Texas.

Mr. Andrews: You named only six, as I counted them. The circular names seven.

Mr. Thurmond: Is the Globe included?

Mr. Rickey: At that time one mill company had two mills. No, the Globe is not included. That made seven mills.

Mr. Cowan: How many mills does the entire organization operate?

Mr. Rickey: Seven.

Mr. Cowan: I mean all the Long-Bell interests.

Mr. Rickey: I do not know. We have mills in California.

Mr. Cowan: I mean in this yellow pine district, how many mills?

Mr. Rickey: Seven.

Mr. Cowan: I supposed one company would have several mills sometimes. That is all.

Commissioner Harlan: Have you any questions, Mr. Coleman?

Mr. Coleman: No.

Commissioner Harlan: I observe on June 30, 1908 the total outstanding obligation of the Louisiana & Pacific in the form 1787 of notes payable and held by these lumber companies amounted to \$362,549.57. These notes were increased by adding to the obligation to each lumber company, so that on April

30, 1909 the aggregate amount was \$499,094.84, an increase during the year of \$136,525.27. What was the explanation of that increase?

Mr. Rickey: The building of the terminals—I cannot give it to

you specifically; it was doubtless largely equipment that the Louisiana & Pacific purchased from the mills along the line, and additional equipment or railroad steel.

Commissioner Harlan: It had nothing to do with the terminals at Lake Charles?

Mr. Rickey: No, it has nothing to do with the terminals.

Commissioner Harlan: The increase in the indebtedness was confined wholly, was it not, to the branch lines?

Mr. Rickey: Yes, sir-no, we build extensive yards at Fayette.

Commissioner Harlan: Are you sure about that?

Mr. Rickey: Well, that was built in 1909 some time. You said the entire indebtedness. The increase was due to branch lines.

Commissioner Harlan: No, I did not say that. I asked you that,

Mr. Rickey: No, I think not, because we were perfectingour tracks and terminals there, and we borrowed money from the bank to assist in doing that.

Commissioner Harlan: If you borrowed money from the bank you did not give a note to these lumber companies. I have confined your attention to the indebtedness represented by notes payable, and in the notes of these four lumber companies on April 30, 1909.

Mr. Rickey: That was for equipment and steel purchased; that was all, we purchased from them.

Commissioner Harlan: It did not relate to any main line improvements or terminals at any main line points?

Mr. Rickey: No, that particular increase did not.

Commissioner Harlan: Of that aggregate amount last stated our records seem to indicate that \$133,842.61 was due on a note payable to the Hudson River Lumber Company.

Mr. Rickey: That is approximately correct. There was a series

of notes, or several notes, aggregating about that amount.

Commissioner Harlar: That company operates on what you call

the De Ridder Branch, does it not?

1789 Mr. Rickey: Well, they have logging camps beyond the

De Ridder Branch, beyond Bundick. Commissioner Harlan: Yes, but it receives its logs from what you

call the De Ridder Branch?

Mr. Rickey: Yes.

Commissioner Harlan: And that branch was originally known as the De Ridder & Eastern Railway?

Mr. Rickey: Yes, sir.

Commissioner Harlan: And it belonged to the Hudson River Lumber Company?

Mr. Rickey: Yes.

Commissioner Harlan: And was sold by the Hudson River Lumber Company to the Louisiana & Pacific?

Mr. Rickey: Yes.

Commissioner Harlan: And the total amount of the purchase price, with the equipment up to April 30, 1909 was the sum I have last stated?

Mr. Rickey: Yes, sir. I am assuming your statement is correct. Commissioner Harlan: The figures may all be subject to correction by you later. Now, the notes held by the Hudson River Company on June 30, 1908 aggregated \$115,620, and dur-

ing the following year the amount of the notes so held by that company was increased to \$133,842.61. What is the

explanation of that increase during the year?

Mr. Rickey: I cannot answer that, except in that same general way, that from time to time in the last three years the Louisiana & Pacific has purchased railway steel and equipment from the Hudson River Lumber Company 1 do not recall-

Commissioner Harlan: Well, the increase represents expendi-

tures on the De Ridder Branch, does it not?

Mr. Rickey: It represents equipment and steel purchased from the Hudson River Lumber Company which the Louisiana & Pacific are using on that branch, as well as on other branches that equipment goes off that branch and is used on various branches.

Commissioner Harlan: That branch is operated almost exclusively for the Hudson River Lumber Company's logs, is it not?

Mr. Rickey: Yes, sir, but the equipment goes to all parts of the Louisiana & Pacific property.

Commissioner Harlan: What you call the Bonami Branch was formerly the Louisiana & Pacific Railroad?

Mr. Rickey: Yes, sir; a portion of it was. We have built and rebuilt, you know, and put on 60 pound steel and standardized the rail.

Commissioner Harlan: That belongs to the King-Ryder Company?

Mr. Rickey: At one time; in the beginning.

Commissioner Harlan: And was finally acquired by the Louisiana & Pacific?

Mr. Rickey: Yes, sir.

Commissioner Harlan: It is almost exclusively operated for that company or for that company's traffic?

Mr. Rickey: Yes, sir.

Commissioner Harlan: That company held notes of the Louisiana & Pacific on June 30, 1908 to the amount of \$137,113. Our records seem to show that the amount of these notes was increased during the following year to \$149,820.93. My understanding is that that increase was for funds advanced by that company and used for steel and equipment that had been assigned for use on that branch. Is not that the case?

Mr. Rickey: Well, I would qualify that

Commissioner Harlan: I understand the equipment goes off that branch, but that money was furnished by that lumber company and for the purpose of improving that branch and available

1792 equipment on that branch in one form or another.

Mr. Rickey: Well, the Louisana & Pacific purchased from that interest such property as they wanted to use in permanent operation.

1793 Commissioner Harlan: On that branch?

Mr. Rickey: Yes, sir; the lumber company did not advance funds, as you mentioned, to develop that branch, except indirectly, as you so state.

Commissioner Harlan: That company holds the notes. It must

have advanced the funds.

Mr. Rickey: Yes, sir, I say except in that indirect manner.

Commissioner Harlan: Do you call that indirect, to advance the money and take a note for it?

Mr. Rickey: Well, I was merely qualifying your remark about

advancing funds to the Louisiana & Pacific.

Commissioner Harlan: Well, I do not quite catch your meaning, but I think there is no misunderstanding between us. The Lake Charles branch so-called on your records, was formerly the Lake Charles & Leesville Railway?

Mr. Rickey: Well, it covers the same territory, rebuilt.

Commissioner Harlan: Rebuilt and very extensively rebuilt?

Mr. Rickey: Very extensively rebuilt.

Commissioner Harlan: And it was changed from narrow gauge to standard gauge?

1794 Mr. Rickey: Yes, sir; the Lake Charles & Leesville was not an incorporated road.

Commissioner Harlan: The original road?

Mr. Rickey: No.

Commissioner Harlan: Who changed it to standard gauge? Mr. Rickey: The Louisiana & Pacific largely—entirely.

Commissioner Harlan: When was that change made?

Mr. Rickey: The change was made after 1906, along in 1907 and 1908.

Commissioner Harlan: On June 30, 1908, the Calcasieu Long Leaf Lumber Company held notes of the Louisiana & Pacific to the extent of \$89,916.57 according to our records. Now, was the Lake Charles branch a narrow gauge road when acquired by the Louisiana & Pacific?

Mr. Rickey: Yes, sir.

Commissioner Harlan: When acquired by the Louisiana & Pacific?

Mr. Rickey: Yes, sir.

Commissioner Harlan: It was afterwards made a standard gauge road?

Mr. Rickey: Yes, sir.

1795 Commissioner Harlan: Now I find that during the following year the indebtedness of the Louisiana & Pacific to this lumber company was extended, so that the total amount of notes held by it on April 30, 1909, aggregated \$151,611.34, indicating that that additional amount of funds had been placed at the disposal of the Louisiana & Pacific by that lumber company. For what purpose was it used?

Mr. Rickey: That is for equipment.

Commissioner Harlan: Had it any relation to the change in

gauge?

Mr. Rickey: I do not recall that the Calcasieu Long Leaf Lumber Company did that work. My recollection is that the Louisiana & Pacific standardized the narrow gauge portion, and the Louisiana & Pacific employed the Calcasieu Company to do some work on standardizing some logging cars and old equipment, and then the Louisiana & Pacific bought additional equipment direct from the car manufacturers.

Commissioner Harlan: Where did the Louisiana & Pacific get

the funds for making that change in the gauge?

Mr. Rickey: No psecific reserve was set aside; it came out of their general funds, operating profits and working capital, so far as they expended any money, I mean.

1796 Commissioner Harlan: Was it charged against the income account?

Mr. Rickey: Somewhat; I cannot recall in detail. It was in 1906 or 1907, and I cannot recall.

Commissioner Harlan: Will you be good enough to ascertain that fact and file a statement of it?

Mr. Rickey: Yes, sir.

Commissioner Harlan: Giving references to your books, showing all the details, if you can.

Mr. Rickey: Yes, sir. That is the reconstruction of the narrow gauge portion of the Lake Charles track?

Commissioner Harlan: Yes, the date and cost of it, and the source of the funds and whether any funds were advanced directly or indirectly by the Calcasieu Long Leaf Lumber Company for that purpose. That branch as I understand the testimony is operated almost exclusively for that lumber company, that is, for its traffic.

Mr. Rickey: The larger percent of traffic is for that lumber com-

pany.

Commissioner Harlan: When was the Longville Branch constructed?

Mr. Rickey: In 1907.

1797 Commissioner Harlan: Who furnished the funds for that?

Mr. Rickey: Some work was done by the Longville Lumber Company and other work by the Louisiana & Pacific direct.

Commissioner Harlan: Do you know what amount the Louisiana

& Pacific advanced on that account?

Mr. Rickey: No, I could not answer that. In cash, you mean?

Commissioner Harlan: Yes.

Mr. Rickey: No, I could not answer that; ten thousand to fifteen

thousand dollars I recall.

Commissioner Harlan: I wish you would ascertain that fact and also the source of funds advanced to the Louisiana & Pacific. The Longville Lumber Company on April 30th, 1909, held notes of the Louisiana & Pacific to the amount of \$63,819.96. Do you know what use was made of the funds of the lumber company so advanced?

Mr. Rickey: That covered railroad equipment and steel.

Commissioner Harlan: I understand Examiner Burchmore has finished the Prescott & Northwestern, and I would like to call again for the Paragould and Memphis Railway.

(No response.)

Commissioner Harlan: The Saginaw and Ouachita River Railway Company.

1798 (No response.)

Commissioner Harlan: The Tioga & Southeastern.

Mr. Garwood: I think Mr. Saunders represents the Tioga & Southeastern and he has been very seriously unwell and I have promised to render some little assistance. I have not seen him this morning and I do not know whether he is up or not. He was quite unwell yesterday, but they have been here continuously.

Commissioner Harlan: Judge Garwood, as you are in this case,

we will wait.

The Victoria, Fisher & Western.

Mr. Lee: I am president of the Tioga & Southeastern and we are ready. Mr. Saunders is our attorney here.

(The last question and answer were then read as follows:

"Commissioner Harlan: What use was made of the funds of the lumber company so advanced?

"Mr. Rickey: That covered railroad equipment and steel.")
Mr. Rickey: That covered railroad equipment and steel. Under
the contracts between the Louisiana & Pacific and these several lum-

ber companies, the Louisiana & Pacific is to acquire all of that railroad property and pay for it in cash.

1790 Commissioner Harlan: Is to acquire?

Mr. Rickey: Is to acquire or was to.

Commissioner Harlan: Well, has it acquired it?

Mr. Rickey: It has acquired practically all of it now.

Commissioner Harlan: That Longville branch is operated exclusively for the Longville Lumber Company, is it not; it brings their logs into Lake Charles?

Mr. Rickey: Well, the larger proportion of the tonnage is for the Longville Lumber Company. It is not operated exclusively for it.

Commissioner Harlan: Our records show, and I believe that you stated that on June 30, 1908, the outstanding capital stock amounted to \$30,000?

Mr. Rickey: Yes, sir.

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Commissioner Harlan: The shares are hundred dollar shares?
Mr. Rickey: Three-hundred dollar shares as I remember it.
Commissioner Harlan: So that would make how many shares?
Mr. Rickey: One hundred shares.

Commissioner Harlan: The same amount was outstanding on April 30, 1909?

1800 Mr. Rickey: Yes.

Commissioner Harlan: Is that the present amount of outstanding capital stock?

Mr. Rickey: \$51,000 is the present amount.

Commissioner Harlan: Well, you have stated on your direct examination that it was \$30,000, and I thought perhaps there had been a mistake.

Mr. Rickey: I thought you referred to some specific date when

you mentioned \$30,000 heretofore.

Commissioner Harlan: I did a moment ago, but previously in responding to some one else you said the outstanding capital stock was \$30,000.

Mr. Rickey: I must have misunderstood.

Commissioner Harlan: You meant to exclude the stock dividend, did you not?

Mr. Rickey: I do not recall under what circumstances I answered

that.

Commissioner Harlan: The present amount outstanding is \$51,000?

Mr. Rickey: Yes, sir.

Commissioner Harlan: How was that increase made?

Mr. Rickey: By a stock dividend of 70 per cent?

1801 Commissioner Harlan: 70 per cent?

Mr. Rickey: \$21,000; as much as the surplus would stand.

Commissioner Harlan: Well, you exhausted the surplus practically?

Mr. Rickey: Yes, sir; we desired to increase our capitalization to be more consistent with the investment.

Commissioner Harlan: When—the thirty thousand dollars of stock was outstanding it was held by six stockholders, Mr. Long own-

ing \$23,700, and the other stockholders owning the balance, \$6,300. The stock dividend of course was made in proportion to the holdings of the several stockholders?

Mr. Rickey: Yes, sir.

Commissioner Harlan: And do those stockholders own the stock now, namely: \$51,000, in the same proportion?

Mr. Rickey: Yes, sir; there has been no change in the stock-

holders since that date.

Commissioner Harlan: Do they hold that stock on their personal account?

Mr. Rickey: They own it individually; yes, sir.

Commissioner Harlan: Not as trustees in any form for 1802 one another?

Mr. Rickey: Not to my knowledge.

Commissioner Harlan: Have you ever heard that there was any trust attached to any one of these holdings?

Mr. Rickey: No. I have not. I never heard any intimation of

that.

Commissioner Harlan: For instance one or two holders own but one share here. Is that to qualify them as directors?

Mr. Rickey: The wives of some of these gentlemen?

Commissioner Harlan: I did not observe that they were the names of women. Are they directors in any of the companies?

Mr. Rickey: Yes, sir. Two of them I think are. I have not the

directors' list

Commissioner Harlan: I assume in those two cases that they hold the shares to qualify them as directors.

Mr. Rickey: I think in two instances, yes; in order to make five

directors.

Commissioner Harlan: So their stock is held in a trust relation? Mr. Rickey: Well, no. I know that Mrs. Long paid for her She bought it from Mr. Long. I remember that 1803 particularly. I have not a definite knowledge of the other individual cases.

Commissioner Harlan: Well, there are two persons that hold nine shares each. One is Mr. Sweet. Is that held in any trust relation?

Mr. Rickey: No, he bought that and paid for it.

Commissioner Harlan: And there is another holder of nine shares.

Mr. Rickey: Mr. Bannister? Commissioner Harlan: Yes.

Mr. Rickey: He bought that and paid for it.

Commissioner Harlan: So far as you know the holding of Mr. Long is not in any trust relation for the Longville Lumber Company or any other company?

Mr. Rickey: It is not, so far as I know,

Commissioner Harlan: Did you ever hear that it was?

Mr. Rickey: No.

Commissioner Harlan: Mr. Rickey, you said some bonds were held by two or more banks. One was a Kansas City bank. bank is that again?

Mr. Rickey: The First National Bank.

Commissioner Harlan: Is Mr. Long a stockholder in that

1804 bank?

Mr. Rickey: No, sir; I never heard that he was. He may be, but I doubt it very much. I never heard he was.

Commissioner Harlan: But your account is kept there?

Mr. Rickey: Yes, sir.

Commissioner Harlan: Well, is it not understood-

Mr. Rickey: A small checking account is kept there unless we accumulate a large amount of cash prior to our interest period date, in which event we keep most of it there.

Commissioner Harlan: Is it not understood that Mr. Long in some

way dominates or controls the policy of that bank?

Mr. Rickey: No, indeed he does not; I do not believe he is a director of the bank.

Commissionar Harlan: What is his relation to the Calcasieu Bank, if any?

Mr. Rickey: A patron only.

Commissioner Harlan: The company deposits there?

Mr. Rickey: Yes.

Commissioner Harlan: Does Mr. Long also deposit in either of those banks personally?

Mr. Rickey: No, sir-you mean the First National in

1805 Kansas City and the Calcasieu Bank?

Commissioner Harlan: Yes.

Mr. Rickey: No, he is not a personal depositor.

Commissioner Harlan: Do I understand you to wish to give us the impression that the bonds of the Louisiana & Pacific are held

by those banks by way of investment?

Mr. Rickey: Yes, sir; in the case of the Calcasieu National Bank I heard the other day that their trust company wanted to buy some for investment in addition to what the Calcasieu Bank held. They have a trust company that is willing to take some as an investment, I understand.

Commissioner Harlan: Do you yourself regard them as invest-

ment securities?

Mr. Rickey: I do.

Commissioner Harlan: That is, with a lease on the main line of road that has I think fifteen years to run and branch lines which are now deriving their revenue from lumber that is gradually being exhausted; it was said by one of your witnesses yesterday they only have a limited period of years left for lumbering; you would regard those bonds as investment securities for trust banks?

Mr. Rickey: I would.

1806 Commissioner Harlan: Were they offered to the public as these other bonds were offered?

Mr. Rickey: No, sir; a larger portion of the issue was used in the refunding of the note indebtedness.

Commissioner Harlan: Did the Louisiana & Pacific ever pay any cash dividend?

Mr. Rickey: No, sir.

Commissioner Harlan: Did the branch line which it subsequently acquired ever pay any cash dividend?

Mr. Rickey: I cannot speak prior to 1905. They have not to my

knowledge.

Commissioner Harlan: Never have looked into that question?

Mr. Rickey: No, I have never sought any information on it, but my impression is they have paid no dividends. They used their earnings in the further development of their property, buying equipment and steel. I know that is the case since 1905, but prior to that I think it was the case also.

Commissioner Harlan: The expense account of your line for the year 1909 assigned to traffic amounted to some \$11,000. Have you

looked into the items that go to make up that traffic expense

1807 account?

Mr. Rickey: You mean—that does not include transportation?

Commissioner Harlan: No.

Mr. Rickey: That referred to the traffic department? I have not looked into that in detail.

Commissioner Harlan: What do you understand to be the gen-

eral items that are covered by the traffic expense account?

Mr. Rickey: The salary of traffic manager and his office force, together with other office expenses and cost of tariffs published and other legitimate charges outlined by the Commission chargeable against those accounts.

Commissioner Harlan: Does it not occur to you that is rather a

large item for a road of this character to expend?

Mr. Rickey: Not considering the tonnage, no; although I am not

in a position to compare it with other traffic organizations.

Commissioner Harlan: Is there not an existing agreement in writing between your line and the Southern Pacific or any other regular line or between any officer or stockholder of your line for the sale of the line of the Louisiana & Pacific after you are through

1808 with it?

Mr. Rickey: I have never heard of such an agreement. They have already sold of course all they wanted to sell.

Commissioner Harlan: I referred to the track now owned by the

Louisiana & Pacific.

Mr. Rickey: No, there is no agreement to my knowledge.

Commissioner Harlan: With the Southern Pacific, or any other company, or any other representative of any other company?

Mr. Rickey: No. sir.

Commissioner Harlan: You have never heard of any such understanding?

Mr. Rickey: No, sir; I have never heard it mentioned or a possibility of such a contract.

Mr. Cowan: I would just ask if there was any provision for the redemption of the bonds?

Mr. Rickey: They are redeemable at 1011/2 and interest.

Commissioner Harlan: That is not the question, whether you have provided for any sinking fund or redemption fund for payment of the bonds?

Mr. Rickey: Not as yet. They were issued January 1, 1910, for a period of ten years.

Mr. Thurmond: How many of those bonds are sold, and

what amount?

Mr. Rickey: About \$593,000.

Mr. Thurmond: Out of an authorized issue of \$600,000?

Mr. Rickey: Yes, sir.

Mr. Cowan: Are they guaranteed by anybody?

Mr. Rickey: Personally? No, sir. They are secured by a deed of trust covering the property in favor of the Commerce Trust Company of Kansas City.

Mr. Cowan: But that property is only the railroad company

property?

Mr. Rickey: Yes, sir, rail and equipment; roundhouses, shops and all other physical property.

Mr. Cowan: I guess you have stated who bought the bonds?

Mr. Rickey: It was largely a refunding issue to get rid of these notes and get them into a secure form. I told Mr. Gutheim when he visited us two years ago that we had started that issue before the panic came on but we postponed it.

Mr. Cowan: There is no other security outstanding against

1810 the railroad and equipment?

Mr. Rickey: No.

Mr. Garwood: It is now twelve minutes of one.

Commissioner Harlan: We will take a recess until two o'clock.

(Whereupon at 12:50 P. M. a recess was taken until 2 P. M.)

1811 After Recess.

Mr. Jeffery: Your Honor asked that the Iron Mountain file a copy of the spur track agreement with the Caddo & Choctaw. I have it here. This is the only one we have with them. It expired on the 20th of July, 1909, and by mutual agreement we are still operating under the terms of this agreement. This agreement is with the Gurdon and Fort Smith Railroad, which is one of our subsidiary companies.

Commissioner Harlan: That can be filed in connection with the

testimony in that case.

(The paper so offered and identified was received in evidence and thereupon marked Caddo & Choctaw Exhibit No. 1, received in evidence December 14, 1910, and is attached hereto.)

Mr. McRae: Before you proceed I want to ask leave of the Commission, for the Arkansas Railroad Commission to intervene by petition and become a party to the proceeding and a reasonable time to present a petition.

Commissioner Harlan: There is no objection to your filing an intervening petition at this time provided it does not raise

1812 an issue that requires new parties and answers?

Mr. McRae: It will not be. It will be to the same degree

allowed by the State of Louisiana. What time will your Honor allow?

Commissioner Harlan: Well, will ten days suffice? Mr. McRae: Very well, within ten days, then.

Commissioner Harlan: That is for the Arkansas Commission?

Mr. McRae: Yes.

Commissioner Harlan: Is the Mississippi Valley Railroad before the Commission?

(No response.)

Commission Harlan: The Victoria, Fisher & Western?

(No response.)

Commissioner Harlan: The Roosevelt & Western?
Mr. Charles T. Coleman: I have entered an appearance.

Commissioner Harlan: That will be heard in the next room by Examiner Burchmore. The Wilmar & Saline Valley will be heard before Examiner Burchmore. Mr. Thurmond, will you recall the last witness, Mr. Rickey?

1813 P. C. RICKEY, was called as a witness, and having been previously duly sworn, further testified as follows:

Commissioner Harlan: Mr. Rickey, I am not sure that the record is quit full with respect to the purchase by the Southern Pacific of the various properties now comprising its through line from De Ridder to Lake Charles. I understand that a part of that was purchased and was a railroad already in operation and that the line was completed to Lake Charles by some original construction; is that right?

Mr. Rickey: On the part of the Lake Charles & Northern?

Commissioner Harlan: Yes.

Mr. Rickey: Yes, sir. The Louisiana & Pacific-

Commissioner Harlan: Suppose we start at De Ridder—

Mr. Rickey: The Louisiana & Pacific projected a line from De Ridder to Lake Charles, that is about 43 miles, and had built a mile and a half below Fulton, standard gauge 60-pound track, when the negotiations were completed for the transfer to the Lake Charles & Northern, with the understanding that the Lake Charles and North-

ern would complete the line on to Lake Charles, and accord the traffic or trackage rights, or whatever you term it, at twenty-five cents a train mile.

Commissioner Harlan: Now, if you will just start at Fulton and

say what happened.

Mr. Rickey: The Lake Charles and Northern in their purchase of the property from the Louisiana & Pacific bought the right of way from this point south of Fulton on to Lake Charles or to the river.

Commissioner Harlan: To the Calcasieu River?

Mr. Rickey: For fifteen thousand dollars.

Commissioner Harlan: What did the company pay for the track up to Fulten or a mile below?

Mr. Rickey: They paid the book cost.

Commissioner Harlan: What was that amount?

Mr. Rickey: About four hundred and seventy-five thousand

dollars, in round numbers; that included this fifteen thousand dollars for right of way.

Commissioner Harlan: And the constructed mileage was what? Mr. Rickey: I do not know; from De Ridder to Fulton is about

how many miles, Mr. McLean? About twenty-six miles?

Commissioner Harlan: From De Ridder to Fulton is about twenty-six miles?

Mr. Rickey: Yes, sir. This purchase included station 1815 buildings as well as the track.

Commissioner Harlan: And any equipment?

Mr. Rickey: No.

Commissioner Harlan: The constructed mileage was to a point about a mile south of Fulton?

Mr. Rickey: Yes, sir.

Commissioner Harlan: And from that point there had been a survey and some grading?

Mr. Rickey: Yes, sir; on the part of engineers. The Louisiana & Pacific had surveyed that and completed it.

Commissioner Harlan: Up to the north bank of the Calcasieu River?

Mr. Rickey: Yes, sir.

Commissioner Harlan: And for that survey of roadbed you paid fifteen thousand dollars?

Mr. Rickey: The Lake Charles & Northern paid fifteen thousand dollars.

Commissioner Harlan: The Lake Charles & Northern?

Mr. Rickey: Yes, sir, for the right of way and such grading as had been performed.

1816 Commissioner Harlan: And that was included in the figure last mentioned?

Mr. Rickey: Yes, sir.

Commissioner Harlan: Then who actually built the track from this point south to the north bank of the river?

Mr. Rickey: The Lake Charles & Northern. Commissioner Harlan: What did that cost?

Mr. Rickey: I have no idea.

Commissioner Harlan: That appears on the books of that company, does it not?

Mr. Rickey: Yes, I assume so.

Commissioner Harlan: If you will furnish the Commission with

Mr. Rickey: Of the Lake Charles & Northern, with which we have no connection.

Commissioner Harlan: How did the Lake Charles & Northern cross the river?

Mr. Rickey: They built a bridge, a steel bridge-

Commissioner Harlan: What is the length of that bridge, and its approaches?

Mr. Rickey: Of course, I have no records on that. I would estimate five or six hundred feet.

Commissioner Harlan: What is the character of the 1817 bridge?

Mr. Rickey: The usual steel bridge or iron bridge. Commissioner Harlan: Do you know what it cost?

Mr. Rickey: No. sir.

Commissioner Harlan: Have you ever heard what it cost approximately?

Mr. Rickey: No, I have never heard any estimate made.

Commissioner Harlan: Well, from the south bank of the river what new construction was there by the Lake Charles & Northern

and to what point?

Mr. Rickey: They continued after crossing the river and built a line on into their main tracks or to the main tracks of the Louisiana & Western, I should judge a mile and a half or some such distance, in order that they might run on in to the Louisiana Western tracks, and in turn the Louisiana & Pacific built from the bridge a distance of about a mile to the Calcasieu Long Leaf Lumber Company's property that they might furnish transportation facilities.

Commissioner Harlan: And also built its own terminals in Lake

Charles?

1818

Mr. Rickey: Yes, sir.

Commissioner Harlan: Those were shown on the large map heretofore introduced in evidence?

Mr. Rickey: Yes, sir.

Commissioner Harlan: From the Calcasieu River there was some road built up to the northwest and along towards Camp Curtis. Just what was the line of that road, what is the starting point, on the Calcasieu River?

Mr. Thurmond: It is all set out in this contract, in this plat, your

Honor.

(Question read.)

Mr. Rickey: That was a point probably four miles from the present crossing of the bridge.

Commissioner Harlan: Four miles east? Mr. Rickey: East or northeast, yes.

Commissioner Harlan: What is that point called, or what was it called?

Mr. Rickey: Banks, I believe I have heard that term applied to it. Commissioner Harlan: From Banks in what general direction did the main line run?

Mr. Rickey: Northerly.

Commissioner Harlan: To what point?

Mr. Rickey: Probably fifteen miles, and then west.
Commissioner Harlan: Then west to Camp Curtis?
Mr. Rickey: Yes, sir.

Commissioner Harlan: Did it run as far north as Bannister?

Mr. Rickey: No.

Commissioner Harlan: As Fayette? Mr. Rickey: Turning west at Fayetté.

Commissioner Harlan: What was the name of that road?

Mr. Rickey: The Lake Charles & Leesville.

Commissioner Harlan: By whom and when was it built?

Mr. Rickey: It was an unincorporated road built by the Bradley-Ramsey Lumber Company.

Commissioner Harlan: And was a narrow gauge road?

Mr. Rickey: And was a narrow gauge road serving the saw mills

Commissioner Harlan: Did it run over this right of way you have just referred to as a surveyed and a partially constructed roadbed?

Mr. Rickey: Yes, sir. The Louisiana & Pacific acquired that property and later on sold it-

Mr. Thurmond: There is what we are talking about, the right of way and partially constructed roadbed. It runs over here

(indicating).

Commissioner Harlan: This witness has testified that the Lake Charles & Northern purchased a constructed road from De Ridder to a point about one mile south of Fulton and from that point to the north bank of the Calcasieu River purchased for fifteen thousand dollars a right of way that had been surveyed and partially thrown up into the roadbed.

Mr. Thurmond: It is this piece of road right in there, if I am cor-

rect about it (indicating).

Mr. Rickey: Yes, sir, the Louisiana & Pacific engineers did not survey to this point at Banks. They covered a portion of that narrow gauge roadway and then straight on down to the river.

Mr. Thurmond: That is what your Honor is talking about, that

little piece right in there (indicating).

Commissioner Harlan: Then this narrow gauge road ran somewhat to the northwest, to a point south of Fulton to which a railroad had been constructed, and which was purchased to that point by the Lake Charles & Northern.

Mr. Rickey: Yes, sir. I might qualify that. During the construction of the Louisiana & Pacific this narrow gauge was in opera-

tion.

Commissioner Harlan: From Banks? 1821 Mr. Rickey: From Banks to this point.

Commissioner Harlan: To Camp Curtis?

Mr. Rickey: Yes, sir, and a third rail was laid to assist in the construction and conversion to a standard gauge

Commissioner Harlan: The point I want to get at is the trackage of this narrow gauge road. It ran somewhat to the northwest to a point one mile south of Fulton?

Mr. Rickey: And continued on to Fayette.

Commissioner Harlan: And continued on to Fayette on the right

of way of what road, its own road?

Mr. Rickey: The Louisiana & Pacific had acquired this Lake Charles & Leesville narrow gauge road by purchase, probably in 1906. I am not sure that your Honor understands that.

Mr. Thurmond: I am going to put Mr. Sweet on the stand next,

and he is familiar with those details.

Commissioner Harlan: Very well, we will get them from Mr.

Mr. Cowan: I want to know if the evidence as to the date at which

the bonds of the Louisiana & Pacific were issued and sold and the parties to whom they were sold and who owned them has been put in the record, or is to be put in the record. Has that been called for?

Commissioner Harlan: The record shows to whom the bonds

were sold, as I understand it.

Mr. Cowan: If it has not been called for I want it put in the record with the date of the sale of the bonds.

Mr. Thurmond: I do not know when they were sold. They were sold at different times. They were issued January 1, 1910.

Commissioner Harlan: If you will show that,

Mr. Cowan: The date of the bonds, the price at which they were sold, and the name of the present owner.

Commissioner Harlan: The amount, the date, when issued, when

sold, and the amount of the consideration.

Mr. Rickey: We will file a statement to that effect. Commissioner Harlan: Mr. Sweet, take the stand.

C. B. Sweet, was called as a witness, and having been duly sworn, testified as follows:

Mr. Thurmond: State your name.

Mr. Sweet: C. B. Sweet.
1823 Mr. Thurmond: Where do you reside?

Mr. Sweet: Kansas City, Missouri.

Mr. Thurmond: You are the vice-president of the Louisiana & Pacific Railway Company?

Mr. Sweet: Yes.

Mr. Thurmond: And of the Sibley, Lake Bisteneau & Southern?

Mr. Sweet: Yes,

Mr. Thurmond: And the Woodworth & Louisiana Central?

Mr. Sweet: Yes.

Mr. Thurmond. You are vice-president of these four milling companies on the line of this road, heretofore mentioned?

Mr. Sweet: Yes.

Mr. Thurmond: Vice-president of various other companies?

Mr. Sweet: Yes,

Mr. Thurmond: You need not give them all, but give the Commissioner in a general way what other companies you are connected with.

Mr. Sweet: About twenty different corporations and companies; in the lumber business in this section, in addition to those named is the Lufkin Land & — Company at Lufkin; the Globe Lum-

1824 ber Company, at Yellow Pine, Louisiana; the Rapides Lumber Company, of Woodworth, Louisiana; and then there are some lumber manufacturing companies on the Pacific Coast, the

Longville Lumber Company and some coal companies and so forth. Mr. Thurmond: How long have you been associated with Mr. R. A. Long in business?

Mr. Sweet: About twenty-five years.

Mr. Thurmond: I believe it is a fact, is it not, that your special duties are in connection with the railroad interests?

Mr. Sweet: Yes, sir; I have more to do with it.

Mr. Thurmond: At least you are the active managing officer of these roads?

Mr. Sweet: I direct some of those things; yes, sir.

Mr. Thurmond: The Commissioner has asked about the ownership of stock in this Louisiana & Pacific Road. Will you kindly state whether or not it is a fact that the stockholders, the list of whom I have given the Commissioner as owing stock in this road, are the absolute, unqualified owners of that stock?

Mr. Sweet: They are.

1825 Mr. Thurmond: Not as trustees, but in their own individual rights?

Mr. Sweet: Yes, sir.

Mr. Thurmond: Did they buy that stock and pay for it in cash?

Mr. Sweet: Yes.

Mr. Thurmond: Do they own it, or do any of them own it in

trust for anybody else or any company?

Commissioner Harlan: You just asked him that and he said no. Mr. Thurmond: The Commissioner was desirous of knowing something about how this Louisiana & Pacific was constructed. Will you please give the history of that road and say who owned each of these branches when you first knew of them and when they started and how you acquired this Lake Charles & Leesville Road what the Louisiana & Pacific constructed, what the condition of it was when you sold out the right of way to the Lake Charles & Northern, and the object you and your associates had in building that road or starting it from De Ridder to Lake Charles and why you sold out?

Mr. Sweet: Would you like to have a history of that,

826 your Honor?

Commissioner Harlan: Just as briefly as you can state it.

Mr. Cowan: One thing I would like the witness to tell about is where that Leesville road was. I have never been able to get that from what anybody has said. While he is going along with it he

might state, and not assume that we know all about it.

Mr. Sweet: The first history that I know of the lines that make up what is called the Louisiana & Pacific was that during 1902, we will say, the De Ridder & Eastern was built, owned by the Hudson River Lumber Company, and built by them.

Commissioner Harlan: State the termini.

Mr. Sweet: From De Ridder east to Bundick. A little prior to that date, in the year 1901, I think the Louisiana & Pacific was built by the King-Ryder Lumber Company and owned by them, from Bonami, in a southeasterly direction.

Commissioner Harlan: What was the other terminus?

Mr. Sweet: Walla. At an earlier date the Lake Charles & Leesville was built by the Bradley-Ramsey Lumber Company to what is shown on this map which you have there, from Lake Charles

1827 to Fayette in a northerly direction, and then from Fayette to Camp Curtis in a northwesterly direction, a distance of about thirty miles. Commissioner Harlan: How did it cross the river?

Mr. Sweet: I said from Lake Charles. I would say from the river opposite Lake Charles.

Commissioner Harlan: From a place called Banks?

Mr. Sweet: Yes, sir.

Commissioner Harlan: Just let me ask at that point, did that narrow gauge road pass through Fulton?

Mr. Sweet: Yes.

Commissioner Harlan: And as far north as Fayette?

Mr. Sweet: Yes, sir. I think in 1905, if I remember the correct date, the Longville interests, what we term as the Long interests, purchased the Bradley-Ramsey interests at Lake Charles, and in the name of the Calcasieu Long Leaf Lumber Company, the principal stockholders of which are Mr. Long, and the other stockholders are included, and with it they acquired the property of the Lake Charles & Leesville Railroad. If I have the date right, during 1905 or the first part of 1906 the organization of the present Louisiana & Pacific was made.

1828 Commissioner Harlan: Before you pass from that, let me ask what properties there were at Lake Charles that belonged to that lumber company you have just mentioned?

Mr. Sweet: What properties were there?

Commissioner Harlan: Yes, sir. Was a mill property?

Mr. Sweet: There was a mill property, and a chemical plant that went with the purchase from the Bradley-Ramsey Lumber Company.

Commissioner Harlan: And this narrow gauge railway was also

purchased?

Mr. Sweet: Yes, sir.

Commissioner Harlan: Did that narrow gauge railway serve that mill at Lake Charles?

Mr. Sweet: Yes, sir. I do not know how many more, but— Commissioner Harlan: How did it get across the river and into

Lake Charles?

Mr. Sweet: With the property were tugboats that pulled these logs across the river from where they were dumped into the river to the mile. I think it was at that time a distance along the river of about five miles.

Commissioner Harlan: And that was owned by the lumber com-

pany? 1829 Mr. Sweet: Yes, sir.

Commissioner Harlan: Tug boats and landings?

Mr. Sweet: Yes, sir. In 1905 or the first part of 1906, the present Louisiana & Pacific road was reorganized and purchased from the lumber companies, the De Ridder & Eastern, the property of the old Louisiana & Pacific, owned by the lumber company, and also from the Calcasieu company at Lake Charles, and the Lake Charles & Leesville, and they started then to connect up the different lines between De Ridder and Lake Charles and the branch lines referred to

Commissioner Harlan: When did it purchase the line from Bonami to Walla? Mr. Sweet: At the time of the reorganization of the Louisiana & They were all bought in at about the same time.

Commissioner Harlan: You did not mention that before.

Mr. Sweet: Yes, sir. Would you like for me to go into the sale to the Southern Pacific?

Commissioner Harlan: Well, what was the aggregate price paid by the Louisiana & Pacific for the properties which you have just

described?

Mr. Sweet: The price paid for those lines, and it included their equipment, was the price determined to be their value from the cost of the construction and purchase price of the equipment. We paid them cost for that property.

Commissioner Harlan: And the vendors were lumber companies?

Mr. Sweet: Yes, sir.

Commissioner Harlan: And the lumber companies that have been

before us in this hearing?

Mr. Sweet: I said lumber companies. They were organized as railroad companies, but the stock was held and owned by those lumber companies.

Commissioner Harlan: I want to get at that exactly. These three railroad companies were then incorporated railroad companies?

Mr. Sweet: Two, the De Ridder and Eastern, and the Louisiana & Pacific, were incorporated. I do not think that there was a charter possibly for the Lake Charles & Leesville. If there was, I do not think I ever saw it.

Commissioner Harlan: Then the road from Benami to Walla.

was not incorporated, so far as you know it?

Mr. Sweet: Yes, sir, it was incorporated. I am referring to the Lake Charles & Leesville. That was not incorporated. 1831

Commissioner Harlan: The narrow gauge road?

Mr. Sweet: Yes, sir.

Mr. Thurmond: At that point, can you state what was the object in connecting up these roads and starting to construct a road between Lake Charles and De Ridder-

Commissioner Harlan: There was a question unanswered, as to

the purchase price.

Mr. Sweet: I answered it and said it was the price determined

Commissioner Harlan: You stated that, but I asked for the figures. Mr. Sweet: I could not give you that, but the price has been included in all our statements, and could be submitted at any time.

Commissioner Harlan: Well, I think we have it.

Mr. Thurmond: I was calling your attention and asking you to state what the prime object was of the organizing of this road in connecting up these branch roads and constructing a road from De Ridder to Lake Charles.

Mr. Sweet: I would have to consume a little time in the history of that. The history would be that during 1901 or 1902 or about that time the Long interests, if you care to put it that way,

built mills and bought tinber and built railroads at De Ridder and Bonami and that was located on the Kansas City & Southern line. Later on, as I have stated they bought the mill at Lake Charles; and a little later than that built and completed the mill at Longville.

but I am getting a little ahead of the story.

The Kansas City Southern were not able to serve the lumber interests of the Long interest, if you please. We looked for an outlet for that lumber. We solicited the Atchison, Topeka & Santa Fe to build to the Sabine River west; we proposed to them that we would build a line of road from De Ridder to the river and at that time, after going over the ground pretty thoroughly, they decided they would build the road themselves, and before the construction, however, of that line, our interests had figured on the purchase of the bradley interests at Lake Charles, so we coupled them together and built these lines to serve the Long interests, that is the mills at De Ridder, Bonami, Bannister and Lake Charles and any other mills that might spring up in that country. We have also made our calculations on further extensions, and the further purchase of properties in that locality, not altered the contributions of the contribution of the contribu

erties in that locality, not altogether in that direct locality, but some are and some are at a distance, not too far, for the construction of branch lines or the extension of this line.

Mr. Thurmond: Would one of those be the Woodworth and Louisiana Central?

Mr. Sweet: I would not like to go into detail on that, unless counsel wants to, for the reason that it might interfere with some negotiations, if you please.

Mr. Thurmond: Proceed in your own way.

(The previous question and answer thereupon were read.)

Commissioner Harlan: In the early part of that statement, you said, as I gather it, that your interests at Bonami were then being served by the Kannas City Southern, but not efficiently?

Mr. Sweet: Yes, sir; Bonami and De Ridder were the interests

that we had in that locality at that time.

Commissioner Harlan: How close were the Bonami interests to the Kansas City Southern and where did you reach the line of that company?

Mr. Sweet: The mills of the King-Ryder Lumber Company were located at Bonami, and the mills of the Hudson River Lumber

Company were located at De Ridder.

1834 Commissioner Harlan: And both mills were located on

the Kansas City Southern?

Mr. Sweet: Yes, sir, they were located on the tracks. The tracks were built into the Kansas City Southern. I would like to explain that a little, that at the time during 1901 and 1902, when we were building the Bonami and De Ridder mills, we made our contracts with the Kansas City Southern for a siding a little different from the contracts that are usually made; that is, in that we had included that if we cared at any time to purchase from them the sidings that they had built into those places we had the privilege of doing so at cost price. The reason it was put in there was that we had in mind just what we have done here now, and we did buy those tracks.

Commissioner Harlan: Are those sidings now a part of your main line?

Mr. Sweet: They are, sir.

Commissioner Harlan: What was the mileage of the sidings thus

purchased from the Kansas City Southern?

Mr. Sweet: I do not know that I could tell you correctly. It is shown in the exhibits of the sale to the Lake Charles & Northern, and I would be glad to furnish you with that detail if you 1835 like.

Commissioner Harlan: Does it leave your line still con-

nected with the Kansas City Southern at Bonami?

Mr Sweet: It does not. That is, the lines were connected 1836 with the Kansas City Southern at De Ridder and Bonami, and they were bought then from the Kansas City Southern by the reorganization of the Louisiana & Pacific, and it permits of a connection at those two places.

Commissioner Harlan: Well, it permits of a connection-

Mr. Sweet: There is a connection, yes, sir.

Commissioner Harlan: At De Ridder and Bonami?

Mr. Sweet: Yes, sir. They do not come on our own tracks and we do not go on their tracks.

Commissioner Harlan: You may proceed.

Mr. Thurmond: So as I understand it, the object of building this road was to get a connection with and competition by five or six trunk line railroads.

Mr. Sweet: As many as we could get. We had in mind those that we did connect with, and in other words we were out for trade. Mr. Thurmond: And to get through routes and joint rates with

as many railroads as possible.

Mr. Sweet: We were out to get as much money as we could out of it with these railroads and built for these connections.

1837 Mr. Thurmond: I do not know whether it is in the record. but you might state very briefly what roads this Louisiana

& Pacific does connect with.

Mr. Sweet: We have a connection at De Ridder with the Atchison. Topeka & Santa Fe; we have joint agents at De Ridder with the Atchison, Topeka & Santa Fe and the Lake Charles & Northern, and have a connection there with the Kansas City Southern. We also connect at Bonami with the Kansas City Southern and the Frisco interests at Fulton. The Southern Pacific interests and the Missouri Pacific interests as well as the Kansas City Southern and Lake Charles.

Mr. Thurmond: Now, Mr. Sweet, when you sold this portion of your road between De Ridder and Lake Charles, you retained a joint trackage right with the Lake Charles & Northern?

Mr. Sweet: Yes, sir,

Mr. Thurmond: State whether or not you would have sold that road or that part of the road without still having the right to operate your road over it?

Mr Sweet: We made at the time of the sale a traffic arrangement. not with the Lake Charles & Northern, but with the Southern Pacific interests, and one contract hinges on the other. The 1838 sale was made because of the track arrangement, and the track arrangement because of the sale. We would not have thought of selling other than to have had the track arrangement, that was one of the first things to think of.

Mr. Thurmond: The joint trackage contract is the contract which

was contemplated and provided for in the sale of the road?

Mr. Sweet: Yes, sir. And we thought that the trade was a very good one for us, that we had the same rights on the road that we had before and we believed at less money than we could afford to own it and keep it up.

Commissioner Harlan: What price was paid to you?

Mr. Sweet: At the time the negotiations were made we had constructed and were operating between De Ridder and Bonami; it was a heavy timbered country through to Fulton, and we were working along that right of way and had the right of way cut and that was under construction. We had purchased for that construction into Lake Charles 40 miles of 60 pound rail, and we had that on hand, quite a little of it.

Commissioner Harlan: And that went with the sale?

Mr. Sweet: Well, we did not get our money out of that 1839 until it was in the track. We put it in the track. But we had the rail purchased, and it was part of it on the track, and as I say, the first payment they made us was \$90,000.

Commissioner Harlan: Mr. Rickey has stated the amount correctly a little while ago, including this \$15,000 for this right of way.

Mr. Sweet: I was not paying attention to what he said.

Commissioner Harlan: Well, what is your understanding then? Mr. Sweet: They paid us the cost of the reconstruction line except that part of the Lake Charles & Leesville, and that went in in a lumb sum. That did not include the rail, but just the right of way of the track and what work had been done in throwing up the dump, and so forth. It did not include the rail. The purchase of that did obligate them to take up the light rail that was on that line at the time they put down the heavy rail and delivered that light rail to us.

Commissioner Harlan: Was that a cash transaction?

Mr. Sweet: Yes, sir.

Commissioner Harlan: Between the Southern Pacific and what company?

1840 Mr. Sweet: And the Louisiana & Pacific.

Commissioner Harlan: And it amounted to—what was the amount?

Mr. Sweet: About \$475,000.

Commissioner Harlan: About \$475,000?

Mr. Sweet: Something like that. That would not be quite the figure.

Commissioner Harlan: And that went into the treasury of the Louisiana & Pacific?

Mr. Sweet: Yes, sir, it went into the treasury of the Louisiana & Pacific.

Commissioner Harlan: What was done with it?

Mr. Sweet: We have used it in buying additional equipment and rail, and so forth for the branches; it has never been paid out. We put down—

Commissioner Harlan: Well, did you use—that is about half a million dollars. Did you use that sum in addition to the other half

million dollars you borrowed from the lumber companies?

Mr. Sweet: This money did not all come to us at one time. I think I put in the testimony that the first payment was \$90,000.

1841 Commissioner Harlan: Yes.

Mr. Sweet: And we were borrowing money from time to time that went into this construction. The rail we bought on time and we did not pay for that, and we have not paid for it all yet, as far as that is concerned.

Commissioner Harlan: But ultimately you got approximately half

a million dollars?

Mr. Sweet: Yes, sir.

Commissioner Harlan: In cash?

Mr. Sweet: Yes.

Commissioner Harlan: And later you borrowed another half million dollars from these four lumber companies?

Mr. Sweet: Yes, sir.

Commissioner Harlan: Do you mean to have the record show that you have an investment of about a million dollars in these branch lines and equipment?

Mr. Sweet: No, sir, about \$725,000 now.

Commissioner Harlan: In the cash investment?

Mr. Sweet: Yes, sir.

Commissioner Harlan: Covering what mileage?

Mr. Sweet: That covers about 22 miles. Then we have on hand about 40 miles of steel. We have locomotives and cars.

About half of that is in equipment, and about half of it in the tracks, and so forth.

Commissioner Harlan: Then there is a quarter of a million dollars still unaccounted for in your statement. What became of that?

Mr. Sweet: I did not do the accounting, but I do not think there was any error made in it—

Commissioner Harlan: No, I am not suggesting that there are

any errors in the account, but you got \$475,000-

Mr. Sweet: I think I understand the question now. The De Ridder & Eastern, at the time the new organization of the Louisiana & Pacific purchased it, was built of 35 pound rails. The same is true of the extension out from Lilly Junction to Walla. Since the organization and with some of this money, I could very easily say, and I think it is true, we put down 60 pound rail instead of 35 pound, and we have bought new locomotives and we have other locomotives coming now. I think we have 21 or 22 at this time.

Commissioner Harlan: In other words, has that absorbed the whole

million dollars?

Mr. Sweet: Except what possibly we might have in cash at this

time and with the interest on the bonds and such things as those.

Commissioner Harlan: The total cash investment then approximates a million dollars, and how many miles of track?

Mr. Sweet: I think 22 or something like that.

Commissioner Harlan: And 40 miles of additional steel?

Mr. Sweet: Yes, sir.

Commissioner Harlan: And your equipment?

Mr. Sweet: Yes, sir. Well, in addition to that, there is quite an extensive yard at Lake Charles. We have in there I think, \$64,000 in yards at Lake Charles, and in improvements.

Commissioner Harlan: You purchased and constructed all the

Lake Charles terminal?

Mr. Sweet: Yes, sir.

Commissioner Harlan: And also this mile and a half of track

from Bridge Junction into Lake Charles?

Mr. Sweet: Yes, sir. We have \$64,000, I think it is, invested in that, and then we have quite a little investment at Longville in the tracks in there, the line we are building, which does not show here at Longville. I might give you the investment at that point if you care for it.

Commissioner Harlan: The amount of it?

1844 Mr. Sweet: Mr. Rickey, will you give me those figures?

You can find them quicker than I can.

Mr. Thurmond: At that point may I ask, what do you say is the amount you have in that road? His Honor says about a million dollars.

Mr. Sweet: No, I said \$725,000.

Mr. Thurmond: Is it not a fact now—I may be wrong about it, but if I am, set me right—that the Louisiana & Pacific constructed that road with funds which were furnished by the Lake Charles & Northern?

Mr. Sweet: Well, they used that fund. They did not use any of

Mr. Thurmond: The contract provides that the purchase price shall be \$15,000, which is the agreed value of the narrow gauge portion and then there is a provision that the second party shall pay the first party \$90,000 at the time of the execution of the agreement and the balance shall be paid monthly as the work progresses

on estimates furnished by the engineer.

Commissioner Harlan: That has already been gone over by the witness, and he stated it very clearly, but he stated the aggre-1845 gate consideration was \$475,000, and we have otherwise shown

gate consideration was \$475,000, and we have otherwise shown an investment of \$499,000 for the branch roads, and cash put in by the lumber companies, so that the railroad is charged with approximately a million dollars for property that it now owns, and equipment.

Mr. Thurmond: That is what I wanted to get at.

Mr. Cowan: Property that it owns and the balance of money that came from the Southern Pacific was paid to it for the Lake Charles & Northern. Commissioner Harlan: Yes.

Mr. Blair: Under the terms of the contract there was no money paid by the Southern Pacific or the Lake Charles & Northern except what was expended on the part of the road they were to build and certified to by the two engineers.

Commissioner Harlan: Let me ask the witness and see if he understands it. You sold what has been called here the main line for

\$475,000 in round figures.

Mr. Sweet: Something like that, yes, sir.

Commissioner Harlan: And that was ultimately paid to you all in cash, was it?

Mr. Sweet: Yes, sir.

Commissioner Harlan: Now then, you have left only the branch lines.

Mr. Sweet: We have the branch lines and the Lake Charles 1846 investment.

Commissioner Harlan: The Longville investment?

Mr. Sweet: Yes, sir.

Commissioner Harlan: And the equipment?

Mr. Sweet: Yes, sir.

Commissioner Harlan: Now then the branch lines as shown by other testimony, were fully paid for by the lumber companies?

Mr. Sweet: Yes, sir. That is-

Commissioner Harlan: That is, they were constructed, and other sums were invested and you paid them by giving them your notes for half a million dollars.

Mr. Sweet: Yes, sir.

Commissioner Harlan: So that left you with cash on hand the amount of \$475,000 received from the sale of the main line?

Mr. Sweet: Yes, sir.

Commissioner Harlan: Now I am just stating the result of the testimony as I gather it. I may be wrong about it, and if I am. I want to be set right.

Mr. Sweet: I think you have it right.

Commissioner Harlan: Out of that money you built your 1847 Lake Charles terminals. You have possibly 40 miles of steel I do not know whether you had that out of that fund or not; and you have built your Longville investment. Now that ought to leave you a substantial amount of cash on hand.

Mr. Sweet: We have about \$45,000 of cash, I think our last state-

Mr. Rickey: May I explain that? The Lake Charles & Northern advanced us money from month to month on the original estimates in the progress of the work so that in the ultimate completion of the work we have collected from them \$475,000, but we had previous to the collection of that spent the money and had borrowed money from different sources in order to construct the property, therefore when we got the \$475,000 back we did not have any surplus in cash left because we had spent that money in building the property and sold it to the Lake Charles & Northern at actual cost.

Mr. Sweet: I would like to add, if I may be permitted, to my testi-

mony, that this has been a going proposition for about four years, and this money you speak of has been coming in and going out for four years in different transactions. It has all been kept within the property of the Louisiana & Pacific, and has never been in any other books.

Mr. Thurmond: Is it not a fact that out of the \$475,000 you speak of, the Louisiana & Pacific built the road from one mile south of

Fulton to Banks?

Mr. Sweet: Give me that question again.

Mr. Thurmond: Out of this \$475,000 you speak of as getting, is it not a fact that the Louisiana & Pacific built the road from one mile south of Fulton to the river, or to the place called Banks?

Mr. Sweet: No. they had nothing to do with that.

Commissioner Harlan: If there is anyone that understands this, I would like to have the facts stated.

Mr. Rickey: Did I not make myself clear?

Commissioner Harlan: Not at all.

Mr. Rickey: The Louisiana & Pacific had about \$50,000 of working capital, and they made contracts to build this 26 miles of road to Fulton from De Ridder. Now they spent the \$50,000 working capital in rails and construction work, and they went over to Houston and Mr. Kellogg, the engineer, verified the progress of the work and paid us that \$50,000, and we took that and built some more.

1849 so we had no surplus of cash left.

Commissioner Harlan: We are not talking about surplus, and it seems to me you are adding to the confusion. We had a railroad from De Ridder to a mile south of Fulton, which was constructed, and we had a road too, from the latter point into Lake

Charles which had been thrown up-

Mr. Blair: I do not like to get into the class of people who rush in where a better class of people fail, but I think I can explain it in this way. There are two contracts with the Lake Charles & Northern, one dated October 31st, 1906, which is an executory contract of sale, and the other dated February 21st, 1908, follows it, and is the completed contract. At the time of the executory contract of sale there was no road completed through De Ridder or one mile south to Ramsey Junction or to the other point, but the Louisiana & Pacific—

Commissioner Harlan: There was a road completed from De

Ridder to one mile south of Fulton.

Mr. Blair: No, there is where your Honor is in error. At the time of the executory contract of sale there was no completed road. There was two or three miles from De Ridder in the direction of Bonami.

1850 Then some preliminary work had been done. The road between De Ridder and Bonami, the preliminary work being completed at \$90.000, the contract between the Lake Charles Northern and the Louisiana & Pacific was this, they said to the Louisiana & Pacific: "You go on and build a broad gauge road from De Ridder to one mile south of Fulton, and we, the Lake Charles & Northern, will pay you whatever you spend in building that road as part of the purchase price. Now then the Lake Charles & Northern will

commence at the other end and construct the road down to the river at its expense. When those two constructions are completed those deeds will be passed." It was under this obligation to complete the road to De Ridder from one mile from Fulton that the Louisiana & Pacific expended \$475,000 and received from the Lake Charles & Northern \$475,000, so if they kept their accounts fairly, and I have no doubt they did, they did not make a dollar by that transaction and had not any surplus.

Mr. Cowan: Then the Southern Pacific built the line, and the Louisiana & Pacific had nothing to do with it except do the work?

Mr. Blair: The Louisiana & Pacific had a narrow gauge road.

1851 Commissioner Harlan: From Banks to Camp Curtis.

Mr. Blair: Yes, and a right of way. They had a right of way from De Ridder to Fulton, and had done about \$90,000 worth of work, and had a completed road from between De Ridder to Bonami, and those are what we bought, and those are the facts.

Commissioner Harlan: It may be when we come to look over the record some one can understand it, but this witness has testified that there was a railroad from De Ridder to Bundick belonging to the Hudson River Lumber Company, and in operation. He then testified there was a railroad from Bonami to Walla—

Mr. Blair: Those are all off the line we bought.

Commissioner Harlan: Not all the track is off the line. Part of that track is on the line, as I understand it.

Mr. Blair: Between De Ridder and Bonami is the only track I

know of.

Commissioner Harlan: Now, from Bonami to Lilly Junction, was not that a part of the original lumber road, and is it not part of the main line?

Mr. Sweet: Bonami to Lilly Junction?

1852 Commissioner Harlan: Was it not a part of the lumber

Mr. Sweet: At the time this main line road was built, the line from Bonami to Lilly Junction was reconstructed and the new line did take in part of the old line.

Commissioner Harlan: It took in all the old line from Bonami

to Lilly Junction?

Mr. Sweet: Yes, sir.

Commissioner Harlan: I understand so.

Mr. Blair: That is for what the \$90,000 was paid.

Mr. Sweet: No, not from Bonami to Lilly Junction, but from Bonami Junction to Lilly Junction.

Commissioner Harlan: Well, have you any further questions to

ask the witness?

Mr. Thurmond: The Commissioner yesterday was asking for some illustrations of benefit of a road like this to a small mill owner. Have you in mind an illustration of that kind on this line of yours, the Bundick line, which you could give me?

Mr. Sweet: What is that question?

Mr. Thurmond: The benefits of a tap line, as they call it, to a small mill owner, a small individual mill owner.

Mr. Sweet: Well, if they are located on a tap line they will get the benefits that any large or small mill owner will get.

Mr. Thurmond: Was there a case of that kind out at Bundick?
Mr. Sweet: There was at one time a small mill at Bundick, yes,

Mr. Thurmond: Did that owner ship over this Bundick or De Ridder branch?

Mr. Sweet: Yes, sir.

Mr. Garwood: How far is it from Longville to De Ridder northward?

Mr. Sweet: 19 miles. I think, about.

Mr. Garwood: And thence from Longville to Lake Charles.

Mr. Sweet: About 24 miles or 25 miles.

Mr. Garwood: I do not think anyone has testified as to the general character of the construction and roadbed of the Lake Charles & Northern over which you operate. Is that a permanent, well constructed road?

Mr. Sweet: Yes, sir; built out of nearly all 60 pound rail with good ties, and was originally built with the ballast found along the right of way, dirt ballast, and is now being improved by hauling in sand and so forth at places where it is needed; it is a good dirt ballast road.

1854 Mr. Garwood: Will you state the weight of the rail?

Mr. Sweet: 60 pounds.

Mr. Garwood: How does that road compare with other roads in

that locality, for instance, the Santa Fe or the Frisco?

Mr. Sweet: I think the Santa Fe has 60 pound rail on their line in that locality. The Frisco have a little heavier rail. The Frisco have in the last year or so ballasted their tracks, and I do not think the Santa Fe have put any ballast on their track. They had not the last time I was over it.

Mr. Garwood: Would you say in general terms that this Lake Charles & Northern is as good a road from a physical and operating

standpoint as the Santa Fe?

Mr. Sweet: Just the same class.

Mr. Garwood: Just the same class of road?

Mr. Sweet: Yes, sir.

Mr. Garwood: You mentioned, or some other witness mentioned that the Long-Bell interests own a mill in Texas. Where is that mill?

Mr. Sweet: The Long-Bell people have an interest in a mill at

Lufkin, Texas.

Mr. Garwood: Where is it situated with reference to the town of Lufkin, in it or near it?

1855 Mr. Sweet: I am not sure but part of it is inside the corporate limits; it is right in the town, you might say.

Mr. Garwood: Is there any railway there, any substantial interest

in which is owned by the same stockholding interests that own the mill?

Mr. Sweet: If there are any interests there which own-

Mr. Garwood: Do you own any railway over there?

Mr. Sweet: No, we have no interest there except the lumber company and the commissary, and so forth.

Mr. Garwood: Except the lumber mill?

Mr. Sweet: Yes, sir.

Mr. Garwood: From a lumber standpoint, how does that mill operate and succeed as compared with other mills belonging to the

Long-Bell interests which come under your observations?

Mr. Sweet: The mill at Lufton, Texas, this year, and I would say at this time, is one as well operated and as cheaply operated as any proposition we have. They produce their lumber at less than the average cost and they obtain a price as high or higher than the average cost, or higher than the average price paid.

Commissioner Harlan: What line is it on? Mr. Sweet: On the St. Louis Southwestern.

Mr. Garwood: It is on the Cotton Belt. Did that interest 1856 there, the same interests that own the mill ever construct any railway over there?

Mr. Sweet: Yes, sir.

Mr. Garwood: About how many miles?

Mr. Sweet: They first constructed 30 miles and sold that to the Cotton Belt Line and later on constructed 20 miles, a total of 50 miles, and sold it to the Cotton Belt Line.

Mr. Garwood: Sold it to the Cotton Belt?

Mr. Garwood: Was it through the acquisition of those lines by Mr. Sweet: Yes, sir. the Cotton Belt that the St. Louis Southern found an entrance into Lufkin and that portion of the state?

Mr. Sweet: No. sir. This was built from Lufkin. They came in

from the west.

Mr. Garwood: But it now belongs to the Cotton Belt?

Mr. Sweet: Yes, sir.

Mr. Cowan: How do you get your logs to the Lufkin Mill?

Mr. Sweet: We haul them 50 miles over the Cotton Belt.

Mr. Cowan: What do you have to pay for it?

Mr. Sweet: 30 cents a train mile

Mr. Cowan: Do you get that back in any way? 1857

Mr. Sweet: No.

Mr. Cowan: If you manufacture your lumber cheaper than you do elsewhere it is not on account of the cost of getting the logs to the mili.

Mr. Sweet: I do not know-I take the cost of getting the logs to the mill in with other costs of manufacture at that place.

Mr. Cowan: Why is it cheaper to manufacture at that place than elsewhere? It is not on account of the fact that the cost of logging

Mr. Sweet: I did not say it was any cheaper. I said it was as is cheaper? good as the average, or possibly a little better than our a erage mill costs.



Mr. Cowan: How much did it cost you to operate those trains in addition to paying 30 cents per train mile?

Mr. Sweet: I do not know that I have figured it in dellars and cents. I can go into details of the cost of making lumber, if you care to.

Mr. Cowan: Well, not at this time. Do you get any division of the rate when you ship out?

Mr. Sweet: No.

1858 Mr. Cowan: And do you get any compensation back from the Cotton Belt for hauling the logs in?

Mr. Sweet: No.

Mr. Cowan: None refunded in any way?

Mr. Sweet: No.

Mr. Cowan: So that in delivering the logs at the mill you are at the expense of logging your timber land and of operating the trains and paying 30 cents a train mile for the use of the track?

Mr. Sweet: Yes, sir.

Mr. Cowan: You operate your own trains now?

Mr. Sweet: Yes, sir.

Mr. Cowan: And furnish your own equipment?

Mr. Sweet: Yes.

Mr. Cowan: And when you move out the lumber you pay the flat rate of 18 cents to St. Louis, or whatever it is?

Mr. Sweet: Yes, sir.

Mr. Cowan: Is that the same rate as it is from Lake Charles?

Mr. Sweet: I am not posted on the rates.

Mr. Cowan: Well, there is a blanket rate all across this country, to common points?

1859 Mr. Sweet: We pay whatever rate is proper out of Lufkin We do not get any return on it.

Mr. Cowan: Is there another lumber mill at Lufkin?

Mr. Sweet: I think there is one mill there that I know of, right

at the town.

1860

Mr. Cowan: Outside of what profits you may have made in building the line and selling the line to the Cotton Belt, if any, if one mill at that place gets a division of the rate, say four or five cents per 100 pounds, and the other does not, does not the one that gets the division of the rate operate at an advantage as compared with the other?

Mr. Sweet: Well, I think that the condition surrounding that would make a little difference, and should be taken into consideration. The Cotton Belt built their main line right into our woods and all we have to do is to build spurs off from their main line. I think we are getting just as good an opportunity to make lumber cheap as would the other fellow who had to build the main line spur and then build his spurs off, and——

Mr. Cowan: In a somewhat similar case where you haul your logs from Camp Curtis down to Lake Charles, there you get a four cent division out of the rate, and you pay 25 cents a train mile

for operation over the line of the Lake Charles & Northern.

Mr. Sweet: I can only answer as to the mileage. I do not

know what the divisions are. The testimony of other witnesses will show that. But so far as the railroad proposition is concerned, we as the Long interests do not care for the holding of railroad property, if people will do for us as the Cotton Belt has done at Lufkin, and other lines have done, build their main lines into the timber.

Commissioner Harlan: Well, you built that line?

Mr. Sweet: Yes.

Commissioner Harlan: And sold it to the Cotton Belt?

Mr. Sweet: Yes.

Commissioner Harlan: What did you get for it?

Mr. Sweet: The sale of the 30 miles was made before our interests came in possession of the Lufkin Land & Lumber Company property. I do not know what they received for that. We built 20 miles beyond and sold it to the Cotton Belt at actual cost of construction.

Commissioner Harlan: What was that?

Mr. Sweet: From memory I could not give it to you. The sale was made four or five years ago, and—

1861 Commissioner Harlan: Was it for each or bonds?

Mr. Sweet: We took the bonds of the Cotton Belt Railroad.

Commissioner Harlan: At what rate?

Mr. Sweet: I could not say as to that. We carried the bonds a little while and sold them. I can ask for that information and get it right here for you if you want it.

Commissioner Harlan: You might do that.

Mr. Sweet: Mr. Rickey, can you not answer that question right off? It was the second mortgage Cotton Belt bonds.

Mr. Rickey: We got \$185,000 par value, and I think the market value at that time was \$169,000.

Commissioner Harlan: What rate of interest?

Mr. Rickey: Four and a half per cent.

Commissioner Harlan: Was that the only consideration?

Mr. Rickey: Yes, sir.

Commissioner Harlan: Was it all in bonds?

Mr. Rickey: Yes, sir.

Mr. Sweet: I would like to correct that a little. We had bought eight or nine miles of 60 pound rails from the Cotton Belt before we had any idea of selling it to them, and we were owing them for that rail at a certain price per ton, the market price at that

1862 time. We paid them this debt we owed them and took bonds for the balance of the track. That was the trade.

Mr. Andrews: Mr. Sweet, in the original contract, which I understand, your Honor, has been filed with the Commission, has it not? Commissioner Harlan: No, it has not, but I will ask that it be

filed.

Mr. Thurmond: I understood it had been.

Mr. Andrews: It bears no marks.

Mr. Thurmond: Copies have been filed. That is the original you have in your hand.

Mr. Andrews: Have copies been filed?

Mr. Thurmond: Yes.

Mr. Andrews: This is dated October 31st, 1906. The sole consideration that I find in it for the right of operating your trains over the road constructed and to be constructed is 25 cents a train mile. Was there any other consideration than that?

Mr. Sweet: Any other consideration?

Mr. Andrews: From you, to be paid to the Lake Charles & Northern.

Mr. Sweet: I do not know that I gather the question, but the right of operating—we reimbursed the Lake Charles & Northern or

the Southern Pacific 25 cents a train mile.

Mr. Andrews: Perhaps I can make it plainer to read to you what the contract says, and then ask what I want to know: "And for the use of said railroad as aforesaid, said first party, that is you, shall pay to said second party, that is the Lake Charles & Northern, a rental equal to 25 cents per train mile for every train that shall be run over said road by said first party during the existence of this contract." Now I see nothing else in this contract anywhere that provides for you to pay anything else, and the question I ask is, did such an agreement exist at the date of the making of this contract?

Mr. Sweet: I think I can answer your question, and that is that at the time that contract was executed it was during the construction of this line from De Ridder to Lake Charles, and we were using the north end of it all the time while the other part was being con-

structed. I think the operating contract was made later than 1864 that. I think there is a contract and probably you have it there, made a year or so later, that covers the operating after the road was completed. This was a temporary arrangement, as I recall it.

Mr. Andrews: Under date of February 21st 1908——

Mr. Sweet: That is the one.

Mr. Andrews: You made another contract?

Mr. Sweet: Yes, sir.

Mr. Andrews: By which you agreed to pay 60 per cent of all the station expenses except at Lake Charles, at which place you agreed to pay \$100 a month; and the query that I wanted to make was why this additional contract for another consideration not mentioned in the first contract, was made.

Mr. Sweet: Does not the second contract which you refer to also

mention the trackage over the line and embrace all that?

Mr. Andrews: It refers to both of the former contracts, but it does not state why you are giving a compensation not provided in the first contract.

Mr. Sweet: Well, that is what I explained awhile ago, that the first contract was a temporary contract, if I remember correctly, providing for the Louisiana & Pacific to use these tracks during the construction.

Mr. Andrews: But it does not say anything about its being temporary or anything of the kind. There is a reference to a contract as to the details of eperation to be made later.

Mr. Sweet: Well, that is the one. That was a temporary contract.

Mr. Andrews: But this is a contract with compensation in it, and what I was trying to find out was whether this compensation arose from an after consideration or existed as part of the first contract.

Mr. Sweet: The contracts followed one another, and the later contract was the one which was to be effective after the road was to be completed, and the other was to be effective until we turned the road over to the Lake Charles & Northern and received our money. It took a year or two to complete the road and get it in operation, I think two years, from 1906 to 1908. I take it 1908 was about the date we commenced joint operations and prior to that they were not on the line, the Lake Charles & Northern.

Mr. Andrews: You mean you were operating it, and the Lake Charles & Northern were not?

Mr. Sweet: Yes, sir, we were on it.

Mr. Andrews: Who kept it up during the two years you were operating it, and the Lake Charles & Northern were not 1866 operating it.

Mr. Sweet: Well, the line was new, and I suppose we were

keeping it up and putting it in the cost of the road.

Mr. Andrews: Charging it to construction account?

Mr. Sweet: Yes, sir, the construction trains were running over it, and there was not very much to do, and the line was new.

Mr. Andrews: Do you know enough about the maintenance of railroads to say approximately what the maintenance charge ought to be, omitting equipment, per mile on this character of road?

Mr. Sweet: I could not say.

Mr. Andrews: Do you know from experience what it is on this road or otherwise?

Mr. Sweet: No, sir.

Mr. Andrews: No information as to the annual maintenance charge, omitting equipment?

Mr. Sweet: No. I have my own idea about that, and that is I think it is more than 25 cents a train mile, for what we run over it.

Mr. Andrews: Is it not true within your knowledge that 25 cents a train mile will not keep up the maintenance cost—

1867 Mr. Sweet: No. sir, that is not true-

Mr. Andrews: I am speaking of this particular road. Let me finish the question. Will not keep up the maintenance of this particular road on the operations which you do upon it.

Mr. Sweet: That is not within my knowledge. I do not know

that.

Mr. Andrews: You said you did not think it would?

Mr. Sweet: I do not think it would. We did not think so when we made the contract.

Mr. Andrews: That is what I thought. I think you had ar

ranged to eat your cake and have it too.

Mr. Sweet: That is the thought we had in mind during the construction of this track and milling interests, that we were making good trades all the time, and we make them all the time, whenever we can.

Mr. Cowan: I have the curiosity to ask, if I may, if you know the genesis of the original trade, and with whom it was made?

Mr. Sweet: What trade is it?

Mr. Cowan: Well, the Long-Bell interests made a trade with somebody connected with the Southern Pacific interests in this transaction?

Mr. Sweet: I think Mr. Long and Mr. Harriman talked that matter over and made the trade.

Mr. Cowan: Did that cover any other railroad than the Louisiana & Pacific?

Mr. Sweet: No.

Mr. Cowan: Was the Sibley, Lake Bisteneau & Southern involved?

Mr. Sweet: No, what that had to do with the traffic arrangement included the Woodworth & Louisiana Central, but did not include the Sibley, Lake Bisteneau & Southern.

Mr. Cowan: The effect of the matter was that the trade was started by Mr. Long and Mr. Harriman before Mr. Long had spent any money to amount to anything on the road between De Ridder and Lake Charles.

Mr. Sweet: I don't know what you mean by any money to amount to anything, but the sale was contemplated and there was 20 miles ander construction and \$90,000 had been put into it, besides equipment.

Mr. Cowan: And that \$90,000 was paid back?

Mr. Sweet: Yes, sir.

1869 Mr. Cowan: At the time the contract was made?

Mr. Sweet: No.

Mr. Andrews: That is what the contract says, that \$90,000 and

\$15,000 were to be paid.

Mr. Sweet: The first \$90,000 was paid after the contract was made, and after their auditors had satisfied themselves that they were safe in paying us an advance of \$90,000 on what had been done.

Mr. Cowan: And thereafter the Southern Pacific interests advanced the money from time to time as the road was constructed?

Mr. Sweet: No, we constructed the road and then they advanced

the money.

Mr. Cowan: I thought some gentleman who seemed to speak with authority said that the matter was submitted to Mr. Kellogg, who is an engineer of the Southern Pacific at Houston, on estimates, and the money was paid.

Mr. Sweet: You put the question the other way. You said the money was furnished and the road constructed, and I put it the other way. The road was constructed and the money fur-

nished.

1870 Mr. Cowan: I said as it was constructed from time to time.

I meant as the construction was completed from time to time.

Mr. Sweet: That is correct.

Mr. Cowan: That is what I meant.

Mr. Sweet: Yes, sir, that is correct.

Mr. Cowan: The Southern Pacific in effect built this line, the Louisiana & Pacific acting as the construction company in build

ing it.

Mr. Sweet: Well, you can look at it that way if you want to. We had a line operating from Lake Charles to Camp Curtis and were operating over it. We were also operating from the north south.

Mr. Cowan: You were just logging over that?

Mr. Sweet: That is what we were doing there; yes, sir; hauling logs.

Mr. Cowan: This narrow gauge was how long, from Lake Charles

north?

Mr. Sweet: 30 miles.

Mr. Cowan: Up to Fayette?

Mr. Sweet: Fayette, and then out to Camp Curtis.

Mr. Cowan: Were you operating that as a logging road too?

Mr. Sweet: Yes, sir.

1871 Mr. Cowan: Was any part of that track used, or was it

thrown away and new line built?

Mr. Sweet: No, the grade was used and made standard, and of course that necessitated widening out the dump, and so forth, and the reconstruction of the roadbed.

Mr. Cowan: And that road was included in the sale under the

contract?

Mr. Sweet: What road is that?

Mr. Cowan: That is the Leesville Road.

Mr. Sweet: A part of it was, to a point from the river to Fayette.
Mr. Cowan: And the steel which was taken up your company kept, and I suppose used for logging spurs?

Mr. Sweet: Well, some of it is in use, and some of it we have

in storage or supply yards.

Mr. Cowan: Does the 40 miles of steel you have include that, or

new steel?

Mr. Sweet: It includes that steel and other steel. We have been taking up, as I have told in my testimony, these branch lines of lighter steel and putting down 60 pound, and this supply we have is the lighter steel.

Mr. Cowan: The money that was borrowed from the lum-1872 ber companies, or rather that was owing to them, was simply for these lines that the Louisiana & Pacific now own which they had constructed as lumber companies, and sold to the Louisiana

& Pacific.

Mr. Sweet: No. Nearly the same thing, but they were not the same construction as they are now. It was the right of way and the rails that were in there, and there has been a different sort of con-

struction put on it.

Mr. Cowan: Does your company have any interest whatever in the traffic or get any benefit out of the traffic which comes from Fullerton over the Gulf & Sabine River Road and over the Gulf, Colorado & Santa Fe and over the Lake Charles & Northern to Lake Charles? Mr. Sweet: Mr. Davis can answer that question better than I can. Mr. Cowan: You retain no interest by contract arrangement that you know of?

Mr. Sweet: We have a contract with the Frisco and Rock Island interests, which connect with us at Fulton.

Mr. Cowan: I said Fullerton. Mr. Sweet: Oh, Fullerton, no.

(Witness excused.)

1873 Mr. Thurmond: In order that I may know what is in the record, may we have it understood for the purpose of argument that all the reports, monthly reports and statements and other documents filed with the Commission, are to be considered in evidence.

Commissioner Harlan: Yes.

Mr. Thurmond: I offer one of these time tables in evidence as a whole.

Commissioner Harlan: Have you filed copies of the contracts with the map attached?

Mr. Thurmond: We have not done so here. If not, we will do so. Commissioner Harlan: What was it you referred to awhile ago when you said you had filed the original contracts?

Mr. Thurmond: I probably used the wrong word. I meant copies of our contracts are on file with the Commission.

Commissioner Harlan: Then they need not be filed here.

Mr. Thurmond: That is what I thought. May we consider also
the official railroad map gotten out by the Commission.

Commissioner Harlan: Yes.

Mr. Andrews: While you are right on the point of the 1874 contract, I would like to inquire of the Commission if in making up this record for the use of those who have ordered copies, if it is customary for the Commission to have inserted in making that record, copies of contracts introduced in evidence, so that reference will not have to be made by those desiring the information to the Commission's records to obtain them.

Commissioner Harlan: That is not the custom. It is the custom of counsel to furnish other counsel copies of their exhibits, and I assume Mr. Thurmond will furnish Judge Cowan and his colleagues

copies of these contracts.

Mr. Thurmond: Yes, we will furnish him a copy of these printed contracts which have been talked about here. I do not care about furnishing copies which we file with the Commission, but I will furnish him copies of those three. That is what you want?

Mr. Andrews: That is all I know anything about. There may be some others that I want very much, but do not know about at all.

Mr. Thurmond: I would like to offer in cyidence one of these time tables of the Lake Charles & Northern Railroad Company. We rest on the Louisiana & Pacific, and I would like to file it, and put on the stand for the Commissioner to examine, the manager of the Sibley, Lake Bisteneau & Southern and the Woodworth & Louisiana

Central, unless for this reason that the Commissioner does not care to take up the Sibley, Lake Bisteneau & Southern Road. The divisions have not been cancelled; the Vicksburg, Shreveport & Pacific has recognized it as a regular road.

Commissioner Harlan: I think we will hear from those roads.

Mr. Cowan: I may state that my understanding is that all the annual reports filed with the Interstate Commerce Commission are by virtue of the statute itself evidence before the Commission 1876 and do not have to be offered, and it will be so understood.

Commissioner Harlan: Yes.

(The time table so offered and identified was received in evidence and thereupon marked Louisiana & Pacific Exhibit No. 5, received in evidence December 14, 1910, and is attached hereto.)

1877 Sibley, Lake Bisteneau & Southern Railway.

J. W. MARTIN was called as a witness, and having been duly sworn, testified as follows:

Commissioner Harlan: Where do you reside?

Mr. Martin: Yellow Pine, Louisiana. Commissioner Harlan: Your business?

Mr. Martin: Railroad man; general superintendent of the Sibley, Lake Bisteneau & Southern, and lumber man and general manager of the Globe Lumber Company, Limited.

Commissioner Harlan: Just to shorten up the record, is that

lumber company the company that controls this railroad?

Mr. Martin: The controlling stockholders in the lumber company are the controlling stockholders in the railway company.

Commissioner Harlan: What is the extent of that control?

Mr. Martin: I could not give you just the number of shares without going to the record, but I could go to the record.

Commissioner Harlan: It is very largely the whole of the stock?

Mr. Martin: Yes.

Commissioner Harlan: So, to all practical purposes there

1878 is an identity of interests in the two investments?

Mr. Martin: Yes, sir; all stockholders in the lumber company are not stockholders in the railroad company; all stockholders in the railroad company are not stockholders in the lumber company. Commissioner Harlan: What is the terminus of the Sibley,

Lake Bisteneau & Southern?

Mr. Martin: It connects with the Vicksburg, Shreveport & Pacific Railroad, and the Louisiana & Arkansas Railroad at Sibley, Louisiana, and extends south about 31 miles through Webster and Bienville into Red River Parish.

Commissioner Harlan: Is there a point called Camp Long?
Mr. Martin: Yes, sir, the last station we have established on that road.

Commissioner Harlan: That is the most southerly station?

Mr. Martin: The most southerly station. The road extends

beyond that some little distance, but that is the last station to which tariffs are issued?

Commissioner Harlan: How far beyond that does it extend?

Mr. Martin: About three miles.

Commissioner Harlan: And what is the character of the roadbed?

1879 Mr. Martin: It is graded.

Commissioner Harlan: Ballasted?

Mr. Martin: No, sir, not ballasted.

Commissioner Harlan: What rail do you use? Mr. Martin: 40 pound and 60 pound rail. Commissioner Harlan: When was it organized?

Mr. Martin: In July, 1900.

Commissioner Harlan: With what authorized capital?

Mr. Martin: \$100,000.

Commissioner Harlan: What is the issued capital?

Mr. Martin: The same.

Commissioner Harlan: Any bonded indebtedness?

Mr. Martin: None.

Commissioner Harlan: Any current indebtedness?

Mr. Martin: Yes, sir.

Commissioner Harlan: Other than for current accounts?

Mr. Martin: Yes, sir.

Commissioner Harlan: What indebtedness have you? Mr. Martin: There is about \$99,000 at this time. Commissioner Harlan: Represented in what form?

Mr. Martin: In outstanding notes.

Commissioner Harlan: Has that indebtedness in that form been larger than it now is?

1880 Mr. Martin: Yes.

Commissioner Harlan: What was its original highest amount?

Mr. Martin: That I could not say without going back to the records.

Commissioner Harlan: Well, about?

Mr. Martin: I would not like to make a guess.

Commissioner Harlan: Your road is approximately 33 miles long?

Mr. Martin: 31.

Commissioner Harlan: Standard gauge?

Mr. Martin: Yes.

Commissioner Harlan: You have six locomotives?

Mr. Martin: Yes, sir.

Commissioner Harlan: 113 freight cars?

Mr. Martin: Yes.

Commissioner Harlan: And one passenger car?

Mr. Martin: Two.

Commissioner Harlan: You have recently purchased another car?

Mr. Martin: No, we have had two cars for the past year or 18 months.

Commissioner Harlan: Well, that car must have been in the woods when we were down there looking for it.

Mr. Martin: Maybe so.

Commissioner Harlan: You have bad it for a year os so? Mr. Martin: But it was not on the train, it was at Yellow Pine.

Commissioner Harlan: You move passengers, do you?

Mr. Martin: Yes.

Commissioner Harlan: To what extent?

Mr. Martin: Well, the passenger fares run from \$300 to \$700 a month.

Commissioner Harlan: What sort of a place is Sibley?

Mr. Martin: It is a junction point; a small place, not very large. Commissioner Harlan: Any stores?

Mr. Martin: Oh, yes.

Commissioner Harlan: How many people there? Mr. Martin: Perhaps seven or eight hundred. Commissioner Harlan: Is that a company town?

Mr. Martin: No, sir.

Commissioner Harlan: It is a community that is growing up on

the Vicksburg, Shreveport & Pacific?

Mr. Martin: In the ordinary acceptance of a company town, there are no large industrial companies there. There are mercantile companies there.

Commissioner Harlan: What other towns have you on your road?

Mr. Martin: Yellow Pine.

Commissioner Harlan: What sort of a place is that?

Mr. Martin: That is what you would call a company town?

Commissioner Harlan: How many employees?

Mr. Martin: I presume there are 1,200, all told. The employees run four or five hundred.

Commissioner Harlan: What other towns?

Mr. Martin: Ringgold.

Commissioner Harlan: How large is that town?

Mr. Martin: Ringgold is a country trading town with a bank and post office and cotton gin and oil mill, which recently burned down, just a short time ago, and probably ten or twelve mercantile establishments.

Commissioner Harlan: How many people, about?

Mr. Martin: Oh, I would say 1,200.

Commissioner Harlan: And then Camp Long?

Mr. Martin: Well, there is Halls Summit, a town just north of Camp Long, a quarter of a mile. It is another country trading point, but it is not as large as Ringgold, and has no post office.

Commissioner Harlan: It has a post office?

Mr. Martin: No, it is on a rural route. That country from Ringgold south is served by a rural route. There is no post office except from Ringgold south.

Commissioner Harlan: You carry mail?

Mr. Martin: No.

Commissioner Harlan: Express matter?

Mr. Martin: We carry express as freight; in other words for people along the road who want express carried, merchants at Ringgold and Halls Summit and Yellow Pine, they leave a standing order to deliver their express to the road as freight, and we carry it from there as freight.

Commissioner Harlan: You carry it to Sibley and then they send

it by express from that point?

Mr. Martin: Carry it out; yes, sir, as local freight?

Commissioner Harlan: And you receive it in the same way?

Mr. Martin: We receive it in the same way.

Commissioner Harlan: What was the extent of your traffic last year; I refer to the fiscal year.

Mr. Martin: I would prefer that you get those records

1884 from the auditor.

Mr. Thurmond: I will offer that statement-

Mr. Martin: Because the detail matter of figures is something I do not charge my memory with. The local auditor is C. P. Perkinson. The general auditor is P. C. Rickey, and Mr. Rickey has the figures.

Commissioner Harlan: You have heard what the figures are?

Mr. Martin: I have heard, but I never charge my memory with something I can make a matter of record.

Commissioner Harlan: How far can we go with you on this

question?

Mr. Martin: Anything about the physical condition of the road, the manner in which it is conducted and safety appliances and so forth.

Commissioner Harlan: Well, tell us where the mill of the Globe

Lumber Company is.

Mr. Martin: The mill of the Globe Lumber Company is situated

at Yellow Pine.

Commissioner Harlan: How far is that from your junction with the Vicksburg, Shreveport & Pacific and the L. & A.?

Mr. Martin: About five miles.

Commissioner Harlan: When was it built?

1885 Mr. Martin: It was built before I came here; I suppose in 1898 or 1899.

Commissioner Harlan: When was the railroad built?

Mr. Martin: The railroad was built originally, I do not know when that part of it from Sibley to Yellow Pine, but it originally expected to serve the mill at Yellow Pine with logs obtained from Lake Bistineau, running southwest from Yellow Pine to the Lake.

Commissioner Harlan: By whom was that track built?

Mr. Martin: I could not say. I think it was by R. L. Trigg.

Commissioner Harlan: You went there when?

Mr. Martin: In July, 1901.

Commissioner Harlan: And the mill was since built?

Mr. Martin: Yes.

Commissioner Harlan: There was no railroad incorporated at that time, was there?

Mr. Martin Yes.

Commissioner Harlan: What was it? Mr. Martin: This road was incorporated. Commissioner Harlan: It was incorporated?

Mr. Martin: It was in 1900 that this road was

1886 & 1887 incorporated.

Commissioner Harlan: You do not know by whom

or when that track was built?

Mr. Martin: No. but I have the impression that it was built by R. L. Trigg.

Commissioner Harlan: When did the Sibley, Lake Bistineau &

Southern acquire that property?

Mr. Martin: When the railroad was organized we leased that property from the Globe Lumber Company, Limited, and afterwards bought the property.

Commissioner Harlan: Bought the right of way?

Mr. Martin: Yes.

Commissioner Harlan: And the equipment?

Mr. Martin: Yes.

Commissioner Harlan: Then did the railroad company afterward extend the line?

Mr. Martin: Yes.

Commissioner Harlan: To what extreme point as a railroad?

Mr. Martin: It is extended as main line-

Commissioner Harlan: To Camp Long, is it not?

Mr. Martin: To a point beyond and south of Camp Long in the northwest quarter of section 31, township 13, north range 9 west.

1888 Commissioner Harlan: Is it ballasted up to the point you have just named?

Mr. Martin: It is graded, and only at two places is ballasted. Commissioner Harlan: What is the rail south of Camp Long? Mr. Martin: 40 pound.

Commissioner Harlan: Any logging lines connected with your

Mr. Martin: Yes, sir; south ... Camp Long the logging lines of the Globe Lumber Company, Limited, their spurs.

Commissioner Harlan: They belong to the lumber company? Mr. Martin: They belong to the lumber company.

Commissioner Harlan: And the rails and equipment?

Mr. Martin: The rails and equipment belong to the lumber com-

Commissioner Harlan: Do they operate the logging lines?

Mr. Martin: Yes,

Commissioner Harlan: Your equipment does not go onto them? Mr. Martin: Yes, sir: ours does.

Commissioner Harlan: They have no logging cars?

Mr. Martin: They have no logging cars, but we give them the use of ours.

Commissioner Harlan: They have locomotives? 1889-1899 Mr. Martin: No.

Commissioner Harlan: Then they have no equipment. I thought you said they had equipment.

Mr. Martin: No.

Commissioner Harlan: They lease it from you?

Mr. Martin: Yes.

Commissioner Harlan: What?

Mr. Martin: Logging cars and three locomotives. Commissioner Harlan: All the logging cars?

Mr. Martin: All the logging cars and three locomotives and a couple of tank cars.

Commissioner Harlan: Do those locomotives get onto the main

line?

Mr. Martin: Yes, sir, for switching purposes. Commissioner Harlan: For no other purpose?

Mr. Martin: No.

Commissioner Harlan: They do not go through to the mill?

Mr. Martin: Only for repairs.

Commissioner Harlan: But the cars do?

Mr. Martin: The cars do.

Commissioner Harlan: What do they pay you for locomo-

1900 tives and cars?

Mr. Martin: At present they pay for the haul on the main line \$2.75 per car for points south of Ringgold, and \$2.50 per car—

Commissioner Harlan: Have you a map of your line here?

Mr. Martin: No, I have not. I presume some of the others

Mr. Thurmond: We have no map here, except the regular

Mr. Martin: The map of the Louisiana Railroad Commission locates our line properly, so far as such a map can.

Commissioner Harlan: Does it show the points?

Mr. Martin: Yes, sir: I think it does. I say properly; as properly as you can determine from a map that does not show section lines. (Witness examines map). It is practically correct, all the way; it shows the points and shows the stations.

Commissioner Harlan: My last question was whether you received any compensation from the lumber company for the use of your locomotives, and your equipment, and you proceeded to give an explanation. As I understand it, you do not receive any specific sum of money as rental?

Mr. Martin: That is not for the use of the locomotives

901 and equipment; it is for hauling the logs.

Commissioner Harlan: But you do receive some compensation for hauling the logs. Now, from what point on the logging line?

Mr. Martin: As I stated in my answer, \$2.75 from points south of Ringgold, and \$2.50 from points north of Ringgold.

Commissioner Harlan: Are those main line points?

Mr. Martin: Any point where their spurs would reach our main line.

Commissioner Harlan: The \$2.50 is from your main line junction?

Mr. Martin: From the point where they deliver those logs.

Commissioner Harlan: From the point where they deliver those logs on your main line?

Mr. Martin: Yes.

Commissioner Harlan: And from that point you haul the logs for \$2.50 per car, from points south of Ringgold?

Mr. Martin: Points north of Ringgold, and \$2.75 from points

south of Ringgold.

Commissioner Harlan: Then there are logging roads that join your main line north of Ringgold?

Mr. Martin: No, there are not yet. There may be.

1902 Commissioner Harlan: Then you are not receiving \$2.50 on any traffic?

Mr. Martin: We will this winter, because logs will be put on the

road.

Commissioner Harlan: But at this time you have not?

Mr. Martin: We have not so far, since that tariff went into effect. Commissioner Harlan: Then the logging roads are being constructed north of Ringgold?

Mr. Martin: No, the logs will be put on the side track at Davis.

by wagon.

Commissioner Harlan: Is the Globe Lumber Company hauling any logs to your line?

Mr. Martin: They do not haul any logs. They hire it done. Commissioner Harlan: They are hauling them to your main line by wagon?

Mr. Martin: Those logs they purchase from people living along

the road, that they will haul to Davis.

Commissioner Harlan: They purchase delivered at Davis?

Mr. Martin: Yes.

Commissioner Harlan: And then you propose to charge \$2.50 from that point?

1903 Mr. Martin: Yes, sir.

Commissioner Harlan: Do you receive logs at any other point north of Ringgold?

Mr. Martin: No. They are getting logs south of Ringgold at this time. I mean logs delivered by the people along the road, who haul them by wagon.

Commissioner Harlan: Are you getting logs delivered by any

one at any point north of Ringgold except Davis?

Mr. Martin: Yes.

Commissioner Harlan: What points?

Mr. Martin: Just at a small spur about four or five miles from Yellow Pine.

Commissioner Harlan: South of Yellow Pine?

Mr. Martin: South of Yellow Pine.

Commissioner Harlan: Who delivers you logs there?

Mr. Martin: Different parties.

Commissioner Harlan: Well, from what forest?

Mr. Martin: From their own land.

Commissioner Harlan: And are they bought delivered by the Globe Lumber Company or shipped in by the people who do the logging?

Mr. Martin: They are bought by the Globe Lumber Company delivered by the owners.

Commissioner Harlan: Delivered in wagons on your main line?

Mr. Martin: No, delivered by wagon.

Commissioner Harlan: Well, all right, we will say that; delivered by wagon on your main line?

Mr. Martin: Yes.

Commissioner Harlan: And from that point you charge \$250, a car?

Mr. Martin: Yes.

Commissioner Harlan: That is paid by the Globe Lumber Company?

Mr Martin: Yes.

Commissioner Harlan: At what point south of Ringgold do you get logs?

Mr. Martin: Maddens Spur, Hulls Summit, and some at a point close to Giddens.

Commissioner Harlan: Those are delivered by wagon?

Mr. Martin: Yes.

Commissioner Harlan: And purchased in the same way by the Globe Lumber Company?

Mr. Martin: Yes.

Commissioner Harlan: Do you haul logs over your line for any one other than the Globe Lumber Company?

Mr. Martin: We hauled some export logs.

Commissioner Harlan: Where do they come from?

Mr. Martin: They were shipped from Davis. Commissioner Harlan: That was just one shipment?

Mr. Martin: It was several.

Commissioner Harlan: Is it a regular traffic over your line?

Mr. Martin: No, because the material for regular traffic is not in there. This was just some walnut logs they found and some persimmon.

Commissioner Harlan: From what land did they come?

Mr. Martin: I could not tell, there are so many owners in there. Commissioner Harlan: What rate did you charge?

Mr. Martin: The regular published tariff rate. I do not remember what it was.

Commissioner Harlan: Was it shipped locally?

Mr. Martin: No, it was to New Orleans, I do not remember what the rate was.

Commissioner Harlan: It was a through rate on walnut and persimmon logs from Davis?

1906 Mr. Martin: Yes. sir.

Commissioner Harlan: To New Orleans for export?

Mr. Martin: Yes, sir; I say for export. I know they were going for export, but I do not know that the rate was specially named for export.

Commissioner Harlan: How long had you had that rate in before the shipments were made?

Mr. Martin: Well, it was not put in specially for that. The tariff

is the best evidence.

Commissioner Harlan: Was that a lumber rate or walnut rate? Mr. Martin: Forest products.

Commissioner Harlan: With that exception you have hauled no logs over this line for outside interests?

Mr. Martin: No logs; no, sir.

Commissioner Harlan: What forest products have you hauled with that exception?

Mr. Martin: Lumber, ties and staves.

Commissioner Harlan: From what mills have you hauled lum-

Mr. Martin: From H. B. Batcheloer's mill at Ringgold. Commissioner Harlan: Is that on your line?

1907 Mr. Martin: Yes, sir.

Commissioner Harlan: The mill is right on your line?

Mr. Martin: No, the mill is off the line about 15 rods. Commissioner Harlan: You have a spur track there?

Mr. Martin: No, we load it at the adjoining side track at Ringgold about a quarter of a mile long.

Commissioner Harlan: Does he move it by hand or fetch it there

on a wagon? Mr. Martin: He fetches it in there on a wagon.

Commissioner Harlan: How does he get his logs, by wagon?

Mr. Martin: On his own land, by wagon.

Commissioner Harlan: Is that a regular traffic, does his mill have a daily output?

Mr. Martin: Yes, sir, when he operates it. He does not always run it, though. It is still there.

Commissioner Harlan: What rate did you give him? Mr. Martin: The regular published tariff rate, joint rate.

Commissioner Harlan: Where does his lumber go?

Mr. Martin: My impression is most of his lumber went up into Kansas.

Commissioner Harlan: It was a joint rate from Ringgold? Mr. Martin: It was a joint rate from all points on our 1908

Commissioner Harlan: A blanket rate?

Mr. Martin: The regular rate from that country, the same as Yellow Pine.

Commissioner Harlan: Well, the same rate as from Sibley?

Mr. Martin: The same rate as from Sibley.

Commissioner Harlan: And from Yellow Pine?

Mr. Martin: Yes, sir.

Commissioner Harlan: What is your division of that blanket

Mr. Martin: We have not the same divisions to all points.

Commissioner Harlan: What is your lowest and what is the highest?

Mr. Martin: The lowest is one and a half cents that I know of, and the highest that I know of is four and a half cents.

Commissioner Harlan: Have you never received a higher division

than four and a half cents?

Mr. Martin: I think we have, but I do not think we do now. That is my impression, but Mr. Davis can tell you.

Commissioner Harlan: Well, what is your impression?

Mr. Martin: I think we had at one time on a very small amount of traffic, as high as five and a half cents, that was 1909 to some point out in Colorado, I believe.

Commissioner Harlan: Did you not get as high as seven

cents division at one time?

Mr. Martin: If we did, I do not recollect it. We may have. Commissioner Harlan: Do you recollect a six cent division?

Mr. Martin: No, I do not recollect a particular six cent division, any division that means just six cents.

Commissioner Harlan: Well, do you recall anything about six

cents?

Mr. Martin: No. I think we had one five and a half cents; five or five and a half.

Mr. Cowan: Maybe Mr. Davis can answer that.

Commissioner Harlan: What is your recollection of the highest division you ever received?

Mr. Davis: The highest division is seven cents; that is my recol-

lection.

Commissioner Harlan: To what points? Mr. Davis: Denver and Trinidad.

Commissioner Harlan: When was that?

Mr. Davis: Five or six years ago.

Commissioner Harlan: When was the six cent division?

1910 Mr. Davis: I do not recall the six cent division. I thought
I had my division sheet here. I have a memorandum showing that the present divisions are three to four cents via Shreveport, two and a half to four and a half cents via Vicksburg, and two and a half cents via Monroe.

Commissioner Harlan: Where was the five and a half cent di-

vision applicable?

Mr. Davis: I do not recall the five and a half cent division.
Mr. Martin: That was my impression; five and a half cents.
Commissioner Harlan: You receive \$2.75 from the Globe Lum-

ber Company for carrying its logs from points south of Ringgold to its mill at Yellow Pine?

Mr. Martin: Yes.

Commissioner Harlan: Do you unload them at the mill?

Mr. Martin: We do.

Commissioner Harlan: You do not do any loading out on the tramtine?

Mr. Martin: No, sir; none whatever.

Commissioner Harlan: Your employees do not go out there on the tram line?

Mr. Martin: No.

1911 Commissioner Harlan: Your train crews do? Mr. Martin: No.

Commissioner Harlan: Do your track crews?

Mr. Martin: The train crews of the Globe Lumber Company that handle the engines they get from us go out on those tracks, and not our crews.

Commissioner Harlan: I am talking about your crews.

Mr. Martin: No. except that the contract provides that either company can use the tracks of the other company for switching purposes at the junction.

Commissioner Harlan: Who does the loading at these interme-

Mr. Martin: The Globe Lumber Company.

Commissioner Harlan: And your train crews do not participate in that at all?

Mr. Martin: None whatever.

Commissioner Harlan: Do you have any rates on lumber in connection with other lines?

Mr. Martin: Yes. sir.

Commissioner Harlan: And they apply from all points on your line?

Mr. Martin: Yes, sir, alike.

1912 Commissioner Harlan: But the Globe Lumber Company does not ship any lumber except from Yellow Pine. does it?

Mr. Martin: That is all.

Commissioner Harlan: What haul do you perform on lumber?

Mr. Martin: From what point?

Commissioner Harlan: From yellow pine. Mr. Martin: For interstate shipments? Commissioner Harlan: Interstate or local.

Mr. Martin: About five miles. Local shipments, they ship some lumber back as far as Halls Summit and to Ringgold for local consumption.

Commissioner Harlan: And you charge the Louisiana tariff for

that?

Mr. Martin: No, we have our own tariff.

Commissioner Harlan: You have your own local tariff for that?

Mr. Martin: Yes.

Commissioner Harlan: That, of course, is not an interstate movement.

Mr. Martin: No.

Commissioner Harlan: Is it a blanket rate to all points?

Mr. Martin: No, it is a mileage rate.

Commissioner Harlan: Is it the Louisiana tariff? 1913

Mr. Martin: It is based on that tariff.

Commissioner Harlan: What is the volume of that?

Mr. Martin: Very little.

Commissioner Harlan: Is it less than carload?

Mr. Martin: Very little.

Commissioner Harlan: Mostly all carload?

Mr. Martin: Yes, sir.

Commissioner Harlan: Who is the consignee, is it not the Globe Lumber Company?

Mr. Martin: No.

Commissioner Harlan: Who pays the freight?

Mr. Martin: The consignee, unless he buys it delivered.

Commissioner Harlan: Well, he usually does buy it delivered? Mr. Martin: Yes, sir, particularly if it goes to a station where there is no agent. At Ringgold there is an agent.

Commissioner Harlan: You bring the empties from the Vicks-

burg, Shreveport & Pacific to Ringgold?

Mr. Martin: Yes.

Commissioner Harlan: And the cars are loaded and you get the divisions you have explained?

1914 Mr. Martin: Yes.

Commissioner Harlan: Who loads the cars?

Mr. Martin: The Globe Lumber Company.

Commissioner Harlan: Have you your gross tonnage for last year?

Mr. Martin: Yes, sir.

Commissioner Harlan: I thought you said a little while ago you did not have them.

Mr. Martin: Well, you were talking about finer figures than

gross.

Commissioner Harlan: What was your gross tonnage last year? Mr. Martin: I can give this just as I have it here, and perhaps it will serve your purpose better than any other way, as I got it for private purposes. For the year ending June 30, 1910, lumber shipments by the Globe Lumber Company, 41,637 tons; revenue. \$31,141.12. Lumber shipped by other parties, 3,655 tons; revenue, \$2,525.05. Other tonnage—

Commissioner Harlan: You are reading the same figures which

I have here, and we will not stop on that.

Mr. Thurmond: May I put that list of figures in?

Commissioner Harlan: Yes, when your other witness comes.

Mr. Thurmond: Did you give a list of the other shippers on the line, such as Madden Brothers?

1915 Mr. Martin: I did not.

Mr. Thurmond: Give that please, general shippers of some

considerable quantity of stuff.

Mr. Martin: Other shippers of lumber on the line of the Sibley, Lake Bisteneau & Southern are H. P. Batchelor, at Ringgold; R. R. Madden, at Madden's Spur; Tomme & Sons, at Giddens; Pierce Brothers at Davis or from Davis. This last named concern is just completing their mill.

Commissioner Harlan: A lumber mill?

Mr. Martin: Yes, sir. Another mill that is cut out is Tucker Brothers at Ringgold.

Commissioner Harlan: Well, what is the capacity of this mill that is approaching completion?

Mr. Martin: I expect they will ship 20,000 a day. Commissioner Harlan: Do they own lands?

Mr. Martin: They own stumpage.

Commissioner Harlan: Have they a logging line?

Mr. Martin: Rail line?

Commissioner Harlan: Yes.

Mr. Martin: No, sir.

Commissioner Harlan: They will haul their logs?

Mr. Martin: Yes, and will haul the lumber after it is cut.
Commissioner Harlan I thought you said the mill is on your line.

Mr. Martin: They ship at the point I named.

Commissioner Harlan: You mean they haul the logs to the mill?

Mr. Martin: They haul the logs to the mill and then they haul their lumber to the railroad.

Commissioner Harlan: How far?

Mr. Martin: Well, their haul will be three miles.

Commissioner Harlan: Well, the mill is not on your line.

Mr. Martin: No, it is not on our line, but this is the only available outlet, inasmuch as Lake Bisteneau is to the west of it and they cannot get across the lake.

Commissioner Harlan: I thought you said the mill was on your

track.

Mr. Martin: No, that is the shipping point for the other shippers.

Mr. Thurmond: The Chatham Lumber Company?

Mr. Martin: S. H. Chatham. They make ties. And J. J. Capello Lumber Company.

Commissioner Harlan: Do these ties come from the lands of the Globe Lumber Company or outside?

1917 Mr. Martin: Outside.

Commissioner Harlan: Are they hewn or sawed ties?

Mr. Martin: Both.

Commissioner Harlan: Where is the mill?

Mr. Martin: Those mills I named cut quite a bit, and Tucker Brothers cut more or less, before they cut out.

Mr. Thurmond: How old a town is Ringgold?

Mr. Martin: It is one of the oldest -owns in that part of the state.

Mr. Thurmond: Have you got your passenger revenue, the number of passengers hauled?

Mr. Martin: No.

Mr. Thurmond: Have you got the passenger revenue?

Mr. Martin: For what date?

Mr. Thurmond: For the year ending June 30, 1910.

Mr. Martin: I think I have.

Mr. Thurmond: I will ask you if this is it (handing paper).
Mr. Martin: Passenger revenue for the year ending June 30, 1910, \$3,112.16.

Mr. Thurmond: Have you the number of passengers there?

Mr. Martin: I have not.

Mr. Cowan: If he has the aggregate of his freight and passenger and lumber earnings there, let it be read.

Commissioner Harlan: It is shown on another statement.

He is simply taking the figures of the auditor.

Mr. Martin: That is all.

Mr. Thurmond: Do not bother looking it up any more.

Mr. Garwood: Do you raise any cotton up there?

Mr. Martin: Yes, sir. Ordinarily Ringgold ships about 4,000 bales. This year they haven't, nor for two years back, on account of the boll weevil. The cotton crop has been reduced.

Commissioner Harlan: To what figure? Mr. Martin: Something like 2,000 bales.

Mr. Garwood: How much will you probably ship this year?

Mr. Martin: About 2,000 bales.

Mr. Garwood: Is it a good country, agriculturally speaking?

Mr. Martin: That country is as good a hill country as there is in Louisiana. We have considerable revenue in potatoes this year; I do not know how much. They turned their attention to potatoes and peanuts instead of cotton on account of the boll weevil.

Mr. Garwood: How much cotton have you in sight?

Mr. Martin: Well, that term might be a misleader. We 1919 cleaned our cotton up a week ago yesterday that was on our platform at Ringgold, while I was present.

Mr. Garwood: I have a statement here to the effect that you have moved this season to date 2,737 bales of cotton, and that there are

about 500 more in sight. Is that correct?

Mr. Martin: Well, that was obtained from the ginners around there, that information, and I do not know what that is. If that statement came from our office at Yellow Pine, it is correct.

Mr. Garwood: Yes, sir, it comes from your local office.

Mr. Thurmond: We offer it in evidence.

Commissioner Harlan: The record may show that this witness has a statement from the office of his company showing that 2,700 bales have been moved this year, and 500 are in sight in the compress and elsewhere. You need not put it in.

Mr. Garwood: What in general terms is your movement of other

agricultural products?

Mr. Martin: I would not like to give any figures, except that we move everything that is offered us to move, but just how much there is of each item I do not know.

Mr. Garwood: Give me a general idea.

Mr. Martin: But we always have more or less to move.

1920 Mr. Garwood: It is a substantial quantity, in other words?

Mr. Martin: Yes, sir.

Mr. Garwood: You subserve the convenience of the farming community, shipping products in substantial and appreciable quantities?

Mr. Martin: We do, and we move practically all of the products that are produced for eight miles on each side of the road.

Mr. Garwood: Is the country settling and progressing in an agricultural way?

Mr. Martin: Yes, sir.

Mr. Garwood: There has been more or less discussion in an interrogatory way as to the agricultural development of this Louisi-

ana country, where forests were originally on the ground. For our information will you please tell me what was the character of this country served by your road there. Is it to any extent what you might call a cut over territory; in other words has lumber been removed from it and a subsequent agricultural development followed?

Mr. Martin: I do not know that I am going to be very complimentary to some of the gentlemen present when I state the actual

condition up there. That country was always a semi-settled 1921 country. If I had been picking it out for a logging country

I would not have picked it out. There were too many farms in it, and fully one-half of the surface of the country has been cleared up and the logging proposition consisted of tracts owned by people outside of there in small amounts and parts of farms and I presume that one-half of that country has been cleared as a whole.

Commissioner Harlan: How many acres does the Globe Lumber

Company own?

Mr. Martin: 42,000 and something in fee. Commissioner Harlan: And what timber rights?

Mr. Martin: I could not say exactly how much there is of that left.

Commissioner Harlan: How much-was there?

Mr. Martin: We have had timber rights on over 75,000 acres. Mr. Garwood: The town of Ringgold is about what population?

Mr. Martin: Ten or twelve hundred people there.

Mr. Garwood: I will ask you if your road has received any donation of land or otherwise from that community.

Mr. Martin: It did.

Mr. Garwood: What was it?

Mr. Martin: The citizens of Ringgold furnished the right 1922 of way through townships 15 and 16 north range 9 west; that is, in Bienville Parish, for this road, in consideration of their building through the town of Ringgold and operating a train service.

Mr. Garwood: About how far was that?

Mr. Martin: Twelve miles.

Mr. Garwood: I will ask you if in order to reach your line there was a substantial change in location of the people; in other words, was there a moving from one place to another in order to be upon the line?

Mr. Martin: At Ringgold, yes, they have what they call laid out a new town. The old town was off from our road, because it was inaccessible on account of the topography of the country, and the business interests have largely moved down close to our track.

Mr. Garwood: About how far was that?

Mr. Martin: About 60 to 80 rods, in the general neighborhood of that.

Commissioner Harlan: This road runs somewhat parallel to the Louisiana & Arkansas Railroad, does it not, for some distance?

Mr. Martin: They diverge at Sibley and they go about five 1923 miles apart at Yellow Pine, and continue about that way as far south as Ringgold, after which they get farther apart Commissioner Harlan: How far apart are they at Heflin on the L. & A.?

Mr. Martin: About five miles.

Commissioner Harlan: Yellow Pine is not opposite Heflin, is it?

Mr. Martin: No, not near.

Commissioner Harlan: They get closer than five

Commissioner Harlan: They get closer than five miles at Heflin? Mr. Martin: No, that is what they call it. I drove it one time and thought it was ten miles.

Commissioner Harlan: Do you know anything about the financial

details of this company?

Mr. Martin: In a general way; yes, sir.

Commissioner Harlan: You owe \$10,000 to the Shreveport bank? Mr. Martin: The Commercial Bank, yes, sir.

Commissioner Harlan: What interest are you paying on that?

Mr. Martin: Six per cent.

Commissioner Harlan: Is that the note of the company?

Mr. Martin: Of the railroad company?

1924 Commissioner Harlan; Yes. Mr. Martin; Yes. sir.

Commissioner Harlan: Is anyone else on the paper?

Mr. Martin: I am and R. A. Long, individually, both of us. Commissioner Harlan: And you owe \$80,000 to the Globe Lumber Company on one note?

Mr. Martin: Yes, sir.

Commissioner Harlan: And \$36,000 on another?

Mr. Martin: Well that \$36,000 has been reduced since you got those figures, just recently.

Commissioner Harlan: Is anyone on those notes?

Mr. Martin: No, sir.

Commissioner Harlan: The national bank require two names on negotiable paper, do they not?

Mr. Martin: No, they do not make any particular mention of

that. I asked for the loan-

Commissioner Harlan: I am asking you the question.

Mr. Martin: I was going to explain better than I can answer in any other way. I asked for the loan and told Mr. Urey that Mr. Long would endorse it personally and Mr. Urey said "Oh, pshaw, put your name on it," and I put my name on it, as Mr. Long

was already on it. Mr. Urey is president of the bank.

Commissioner Harlan: I do not mean to suggest that your name would not have been sufficient, but as a matter of fact Mr. Long is on the paper, and national banks generally require two names on paper, do they not?

Mr. Martin: Well, my experience has not been very extensive-

Mr Cowan: That is the law, but it is not the practice.

Mr. Greer: No, sir, it is not the law.

Commissioner Harlan: Well, in addition to the capital stock you at one time, on June 30, 1909, owed \$127,000 of which this \$10,000 formed a part?

Mr. Martin: Yes.

Commissioner Harlan: What was the origin of that indebtedness?

Mr. Martin: It was for material bought from the Globe Lumber Company that was not taken care of by the stock that was received for the purchase price. That has been reduced.

Commissioner Harlan: What was the \$100,000 of capital for?

Mr. Martin: The \$100,000 of capital was what the company was organized with. You understand this organization took place years before my connection with it.

1926 Commissioner Harlan: You are not familiar with the

Mr. Martin: No, only the dates and so forth.

Commissioner Harlan: On June 30, 1908, you owed only \$86,000, and on June 30, 1909 you owed \$127,000.

Mr. Martin: Yes.

Commissioner Harlan: You had borrowed that money or created that indebtedness in the mean time. What was that for? That was after you came there.

Mr. Martin: I think that was because of the purchase of equip-

ment

Commissioner Harlan: Well, was not the equipment purchased

with the \$100,000 of capital?

Mr. Martin: No, the road was organized and the company was organized and the existing company was leased and extended by the railroad company and afterwards the road which was leased was bought.

Commissioner Harlan: That was done within your time, was

it not?

Mr. Martin: I do not know the exact date. I wish you would get those figures from the auditor, because he has them in shape. I handle all the bills at Yellow Pine, and purchase everything at Yellow Pine but—

1927 Commissioner Harlan: What is the amount of the issued capital stock?

Mr. Martin: \$100,000.

Commissioner Harlan: You do not know what that represents?

Mr. Martin: You mean-

Commissioner Harlan: What it was issued for, what you got in return.

Mr. Martin: I would rather you would go to the auditor for that.
Mr. Garwood: How far is it from the end of your road to the
Red River?

Mr. Martin: About seven miles.

Mr. Garwood: What is the nearest town on the Red River?

Mr. Martin: Shadow.

Mr. Garwood: What sized town?

Mr. Martin: A little river trading town, about 1,200. It is also the Parish seat.

Mr. Garwood: What road?

Mr. Martin: The Louisiana Railroad & Navigation Company.

Mr. Garwood: What is the character of the intervening territory?

Mr. Martin: Shadow is right on the bank of the river, and 1928 the bluffs come down pretty close to the river.

Mr. Garwood: I mean intervening between Shady and the

end of your road.

Mr. Martin: It gradually rises from the Red River Valley into

the hills. It is good farming country.

Mr. Cowan: Your road has been an operating railroad hauling traffic for other people ever since you have been connected with it?

Mr. Martin: Yes, sir.

Mr. Cowan: You do not belong to this new dispensation which came in about 1905 or 1906?

Mr. Martin: Please be more specific.

Mr. Cowan: Well, organizing railroads for the purpose of getting a division of rates. You have been hauling people all along anyway.

Mr. Martin: I can make the best answer by saying what Mr. Long stated to me when I came with these people. I was with the Central Coal & Coke people and made arrangements to come to these people, and he made mention of the railroad and said "We are in a little railroad deal over there and we have not made much money out of it yet, but we hope to." So I take it that it was organized for the purpose of making money.

1929 Mr. Cowan: In the hauling of logs to this mill you do not refund back any of the money that is paid for that?

Mr. Martin: No, the railroad does not.

Mr. Cowan: There is no milling in transit proposition in that?

Mr. Martin: Not on that line, not at present.

Mr. Cowan: There has not been since you have been with it?

Mr. Martin: Yes, sir, there has. Mr. Cowan: When was that?

Mr. Martin: Well, for a number of years, and in explanation of that, there have been various interpretations of the Interstate Commerce Law, and for awhile we were told in order to legally take divisions we had to haul the logs free the whole length of the road, and we did so.

Mr. Cowan: Your present counsel did not tell you that.

Mr. Thurmond: I was just going to suggest I hoped he did not attribute that law to us.

Mr. Martin: And the divisions which the railroad company received did not take care of the extension of the road, and the running expenses of it, and we cast about for a means of increasing

the revenue and as a consequence we issued this tariff on

1930 on logs and since then it has been satisfactory.

Commissioner Harlan: Then you milled in transit before,

and now you do not?

Mr. Martin: There are almost as many interpretations of that term "milling in transit" as there is of the Interstate Commerce Law, and I would like to have it defined before I say we milled in transit.

Mr. Cowan: I suppose the paper that has been filed covers or shows what percentage of earnings are from lumber and what percentage from the Globe Lumber Company?

Mr. Thurmond: Yes, that is all on this paper. I have not filed it yet because I have not identified it. Unless the Commissioner desires to inquire of Mr. Rickey, I will ask him if these figures are correct.

Mr. Rickey: They are.

(The paper so offered and identified, was received in evidence and thereupon marked Sibley, Lake Bistineau & Southern Exhibit No. 1, received in evidence December 14, 1910, and is attached hereto.)

Commissioner Harlan: Do you know about this capital stock? Mr. Rickey: Yes, sir.

Commissioner Harlan: What did you receive for this

1931 \$100,000 capital?

Mr. Rickey: I only know it in a general way, but I know the company has invested in the main line, 30 miles, \$211,000, and this \$100,000 was contributed towards the building of the line.

Commissioner Harlan: In what form has it invested it, in cash?

Mr. Rickey: I was not present in the early days.

Commissioner Harlan: Then why do you use that expression, that it has invested in the main line, \$211,000?

Mr. Rickey: Because it is offset in the trial balance, and under the resources is the roadbed and structures, \$211,000.

Commissioner Harlan: It is in that sense you have used the word invested?

Mr. Rickey: Yes.

Commissioner Harlan: Then it does not mean quite what it says. How do you know they invested that amount of cash in the road? Mr. Rickey: From the nature of the physical property, I am

sure that is the cost of it.

Mr. Thurmond: Well, will it be necessary to file the charter of the company?

Commissioner Harlan: No, that is not necessary.

Mr. Thurmond: We may consider it for the purposes of argument?

Commissioner Harlan: Yes.

1933 Woodworth & Louisiana Central Railway Company.

ROBERT STACK, was called as a witness, and having been duly sworn, testified as follows:

Commissioner Harlan: Where do you live?

Mr. Stack: Woodworth, La.

Mr. Garwood: We would like to file as a part of Mr. Rickey's statement on the Sibley Road, a statement showing the indebtedness and for what it accrued. It should have been put in awhile ago.

Commissioner Harlan: This amount on notes payable? Mr. Garwood: Yes, and another sum of \$84,000.

Mr. Rickey: The laying of the steel and the indebtedness in

notes is \$84,000 for improving cars purchased from the Globe Lumber Company.

Mr. Garwod: What was the \$10,000 note?

Mr. Rickey: For new steel recently purchased and put on to the main line, not for the use of the lumber companies.

Commissioner Harlan: Where did you say you lived, Mr. Stack?

Mr. Stack: Woodworth.

Commissioner Harlan: What is your business?

1934 Mr. Stack: Superintendent of the Woodworth & Louisiana Central Railroad.

Commissioner Harlan: Where is Woodworth with relation to Shreveport and Sibley?

Mr. Stack: It is south. Woodworth is 14 miles south of Alex-

andria.

Commissioner Harlan: On what line?

Mr. Stack: On the Iron Mountain, the Watkins Branch of the Iron Mountain.

Commissioner Harlan: What is your relation to the Woodworth & Louisiana Central?

Mr. Stack: Superintendent.

Commissioner Harlan: How long have you been with the company?

Mr. Stack: With the railroad company six years.

Commissioner Harlan: Were you prior to that time connected with any other company?

Mr. Stack: Not any railroad company.

Commissioner Harlan: With any other company? Mr. Stack: The Long-Bell Lumber Company. Commissioner Harlan: At Woodworth?

Mr. Stack: No, at Kansas City.

1935 Commissioner Harlan: Have you any relation with the Rapides Lumber Company?

Mr. Stack: Yes, sir, General Manager of the Rapides Lumber Company.

Commissioner Harlan: How long have you been with that company?

Mr. Stack: I have been with that company as manager since 1904.

Commissioner Harlan: Who were the officers of the railroad company?

Mr. Stack: R. A. Long, President; C. B. Sweet, Vice President and General Manager; F. J. Bannister, Secretary; P. C. Rickey, Auditor; R. S. Davis, Traffic Manager, and Thurmond & Farrar. General Attorneys.

Commissioner Harlan: Are those gentlemen also connected with

the Rapides Lumber Company?

Mr. Stack: All but Mr. Davis.

Commissioner Harlan: They are all officers except Mr. Davis?

Mr. Stack: Yes, sir.

Commissioner Harlan: And the stock of the railway company is owned by the stockholders of that company?

1936 Mr. Stack: Substantially, yes, sir.

Commissioner Harlan: It is practically the same invest-

ment?

Mr. Stack: Yes, sir; there are one or two different stockholders in the railroad company that are not in the lumber company.

Commissioner Harlan: Small stockholders?

Mr. Stack: Yes, sir, very small.

Commissioner Harlan: Do you receive a salary from both companies?

Mr. Stack: Yes, sir.

Commissioner Harlan: Is it a substantial salary from each company?

Mr. Stack: I think so.

Commissioner Harlan: Do the other officers of the railroad company receive salaries from the lumber company?

Mr. Stack: No.

Commissioner Harlan: You are the only one?

Mr. Stack: Mr. Long receives a salary.

Commissioner Harlan: From both companies?

Mr. Stack: Yes, sir.

Commissioner Harlan: What is his salary as President of the railroad company?

Mr. Stack: He gets \$600 a year, I think.

Commissioner Harlan: What is the capital of the railroad company?

Mr. Stack: \$25,000.

Commissioner Harlan: Bonded indebtedness.

Mr. Stack: It is not bonded.

Commissioner Harlan: Has it any other debts?

Mr. Stack: Yes.

Commissioner Harlan: To what amount?

Mr. Stack: It owes the Rapides Lumber Company, I think, \$88,000, and a bank in Alexandria \$10,000.

Commissioner Harlan: What was the maximum amount of its indebtedness to the Rapides Lumber Company?

Mr. Stack: I am not prepared to say.

Commissioner Harlan: Has that indebtedness been reduced from time to time?

Mr. Stack: Yes, sir.

Commissioner Harlan: Do you remember what the largest amount was?

Mr. Stack: I think it has been reduced probably \$25,000 or \$30,000.

1938 Commissioner Harlan: In the last four or five years?
Mr. Stack: Yes, sir.

Commissioner Harlan: Since the company was organized?

Mr. Stack: Yes, sir.

Commissioner Harlan: Did you give the date of the organization of the railroad company?

Mr. Stack: No. 1900.

Commissioner Harlan: The \$10,000 borrowed at the bank there is represented by a note of the company?

Mr. Stack: Yes.

Commissioner Harlan: And you were on the back of it?

Mr. Stack: I am not.

Commissioner Harlan: Who is?

Mr. Stack: Mr. Long.

Commissioner Harlan: Anyone else?

Mr. Stack: No.

Commissioner Harlan: This is a narrow gauge road, is it?

Mr. Stack: 18 miles of it is narrow gauge and 6 miles is standard gauge.

Commissioner Harlan: And the 6 miles of standard gauge runs

from La Moria to Woodworth? Mr. Stack: Yes, sir.

1939 Commissioner Harlan: The standard gauge, which is 6.25 miles long, extends from what regular line?

Mr. Stack: From the Southern Pacific, Texas Pacific and Rock Island at La Moria.

Commissioner Harlan: What other connection have you?

Mr. Stack: The Iron Mountain at Woodworth.

Commissioner Harlan: That is the St. Louis, Watkins & Gulf?

Mr. Stack: Yes, sir.

Commissioner Harlan: And west from Woodworth the narrow gauge line runs for about 18 miles?

Mr. Stack: For about 18 miles.

Commissioner Harlan: To what point? Mr. Stack: To a point we call Hineston.

Commissioner Harlan: You call that your main line?

Mr. Stack: Yes, sir.

Commissioner Harlan: You have one standard locomotive?

Mr. Stack: Yes, sir.

Commissioner Harlan: Two narrow gauge locomotives?

Mr. Stack: Yes, sir.

Commissioner Harlan: Two standard cars?

Mr. Stack: Yes, sir.

1940 Commissioner Harlan: And nine narrow gauge cars?
Mr. Stack: We have five narrow gauge locomotives.

Commissioner Harlan: And one standard locomotive?

Mr. Stack: Yes, sir.

Commissioner Harlan: What are the two standard gauge cars which you have?

Mr. Stack: One is a flat car and the other is a pile driver. Commissioner Harlan: What sort of a town is La Moria?

Mr. Stack: A little country trading point. Commissioner Harlan: How many people?

Mr. Stack: About 250 people, probably; two small stores.

Commissioner Harlan: And Woodworth?

Mr. Stack: It is a town of about 1000 to 1250 people.

Commissioner Harlan: And Hineston?

Mr. Stack: Hineston is a little country town, post office.

Commissioner Harlan: Do you carry passengers?

Mr. Stack: No.

Commissioner Harlan: Any mail?

Mr. Stack: No.

Commissioner Harlan: Express matter?

Mr. Stack: No.

1941 Commissioner Harlan: Do you carry any general merchandise?

Mr. Stack: Yes, sir.

Commissioner Harlan: To what amount?

Mr. Stack: We carry considerable.

Commissioner Harlan: You have not the figures with you?

Mr. Stack: No.

Mr. Thurmond: Here is a list of the figures (handing paper).

Commissioner Harlan: Is your total tonnage last year shown on this report?

Mr. Stack: I do not know. Mr. Rickey will show you that. Commissioner Harlan: Do you move any farm products?

Mr. Stack: Yes, sir.

Commissioner Harlan: Move any manufactured lumber for shippers other than the Rapides Lumber Company?

Mr. Stack: No.

Commissioner Harlan: Move any logs over your line?

Mr. Stack: No.

Commissioner Harlan: You are manager of that lumber company and can tell us what is the extent of their forests. How many acres do you own?

Mr. Stack: We own 42,000 all told; about 20,000 or 21,000 virgin

pine and about 20,000 cut.

1942 Commissioner Harlan: Do you own timber rights in addition?

Mr. Stack: Very small.

Commissioner Harlan: Does the railroad company own its own right of way?

Mr. Stack: Yes, sir.

Commissioner Harlan: Acquired when?

Mr. Stack: The six miles from La Moria to Woodworth was acquired in 1900 from the settlers; and since then we have been getting leases from the Rapides Lumber Company and settlers out on the west.

Commissioner Harlan: That is west of the Iron Mountain?

Mr. Stack: Yes, sir.

Commissioner Harlan: You do not own the fee of any lands there?

Mr. Stack: No.

Commissioner Harlan: Do you pay any rent to these lessors, do you pay the Rapides Lumber Company any rent?

Mr. Stack: No, we simply have the right as long as we use the

railroad.

Commissioner Harlan: Have you any written leases?

Mr. Stack: Yes, sir.

Commissioner Harlan: Have you a copy of those leases 1943 here?

Mr. Stack: No, sir.

Commissioner Harlan: Will you be kind enough to furnish a copy of the lease between the lumber company and the railroad company, and copies of one or two leases with settlers.

Mr. Stack: Yes, sir.

Commissioner Harlan: Where is the mill of the lumber company?

Mr. Stack: At Woodworth.

Commissioner Harlan: Is it on the tracks of the Iron Mountain?

Mr. Stack: Right close to it.

Commissioner Harlan: Reached by a spur?

Mr. Stack: Yes, sir.

Commissioner Harlan: And the planing mill is on the spur track?

Mr. Stack: Yes, sir.

Commissioner Harlan: Does the lumber company own any logging lines connected with the Woodworth & Louisiana Central?

Mr. Stack: The spurs in the woods.

Commissioner Harlan: Are they owned by the lumber company?

Mr. Stack: Yes, sir.

1944 Commissioner Harlan: Who built them?

Mr. Stack: The lumber company. Commissioner Harlan: And paid for them?

Mr. Stack. Yes, sir. They do not own the steel.

Commissioner Harlan: You own the steel?

Mr. Stack: The railroad company owns the steel. Commissioner Harlan: Who paid for the labor?

Mr. Stack: The lumber company.

Commissioner Harlan: When you have to move those tram or logging roads who does it?

Mr. Stack: The lumber company.

Commissioner Harlan: At its expense?

Mr. Stack: Yes, sir.

Commissioner Harlan: Has the lumber company any cars?

Mr. Stack. No.

Commissioner Harlan: The railroad company operates the tram line?

Mr. Stack: Yes, sir.

Commissioner Harlan: Sends out the locomotives and cars?

Mr. Stack: Yes, sir.

Commissioner Harlan: Who does the loading on the cars?

Mr. Stack: The lumber company.

1945 Commissioner Harlan: Does the railroad company participate?

Mr. Stack: No.

Commissioner Harlan: The railroad company unloads at the pond?

Mr. Stack. Yes, sir.

Commissione Harlan: Do you make any special charge for hauling the logs on the logging roads up to the main line junction.

Mr. Stack: The lumber company does that.

Commissioner Harlan: No, you do that, you have just said you

Mr. Stack: The lumber company delivers the logs to the spur on

the main line and gives them to the main line engine.

Commissioner Harlan: But you have just said that the lumber company did not have any locomotives and any cars, and therefore it cannot make the delivery to you.

Mr. Stack: No, you misunderstood me.

Commissioner Harlan: Perhaps you misunderstood me, or I misunderstood you. We will start again. You have these logging roads connected with the main line at Hineston?

Mr. Stack: Yes, sir.

Commissioner Harlan: Does the lumber company have any locomotives?

Mr. Stack: They have leased locomotives, yes, sir. Commissioner Harlan: From the railroad company?

Mr. Stack: From the railroad company.

Commissioner Harlan: Has it leased any cars?

Mr. Stack: Yes, sir.

Commissioner Harlan: How many?

Mr. Stack: It leases them all.

Commissioner Harlan: Has it leased all the locomotives, your narrow gauge locomotives?

Mr. Stack: Yes, sir, all but one.

Commissioner Harlan: And all your cars?

Mr. Stack: Yes, sir.

Commissioner Harlan: And you do not operate the narrow gauge road at all, do you, I mean the railroad?

Mr. Stack: Yes, sir, we operate the main line.

Commissioner Harlan: What do you regard as the main line?

Mr. Stack: From Woodworth to Hineston.

Commissioner Harlan: How can you as a railroad man operate that line when you have leased all your locomotives but one, and all your cars? You said you had leased all your cars.

Mr. Stack: The lumber company-

Commissioner Harlan: Perhaps we do not understand one 1947 another. If you will explain how the logs get to the mill in your own way—who fetches them there?

Mr. Stack: The lumber company loads the logs on cars in the woods and delivers them with their own engines to the main line, and then the railroad company takes them with their engine and delivers them into the pond.

Commissioner Harlan: With the one locomotive? Mr. Stack: With the one locomotive, yes, sir.

Commissioner Harlan: So the railroad company has no control over the cars, they have all been leased to the lumber company; but you do haul the cars with your own locomotive to the mill, is that it?

Mr. Stack: The railroad company owns the cars.

Commissioner Harlan: But you said they leased all the cars to the lumber company?

Mr. Stack: No, they have not.

Commissioner Harlan: Then I did misunderstand you. Then you have not leased any cars to the lumber company?

Mr. Stack: No.

Commissioner Harlan: But you have leased one locomotive to the lumber company?

Mr. Stack: No, we leased four locomotives to the lumber

company.

Commissioner Harlan: Four?

Mr. Stack: Yes, sir.

Commissioner Harlan: Narrow gauge locomotives?

Mr. Stack: Yes, sir.

Commissioner Harlan: I do not know that I am hearing as others do——

Mr. Garwood: I think he said he leased all but one of the narrow

gauge cars.

Mr. Stack: We leased all the locomotives on the spur except one, and that one is used on the main line. Those locomotives we use on the spur are leased to the lumber company.

Commissioner Harlan: You have five narrow gauge locomotives?

Mr. Stack: Yes, sir.

Commissioner Harlan: As I understand you now, the railroad company owns five narrow gauge locomotives?

Mr. Stack: Yes, sir.

Commissioner Harlan: And it has leased four of those locomotives to the lumber company?

1949 Mr. Stack: Yes, sir.

Commissioner Harlan: And the lumber company uses them on the spur?

Mr. Stack: Yes, sir.

Commissioner Harlan: And they do not get on the main line except on the switch movement?

Mr. Stack: Practically.

Commissioner Harlan: You have not leased any of the logging cars to the lumber company, have you?

Mr. Stack: No.

Commissioner Harlan: So that you deliver the cars to the lumber company at the interchange point, and they haul the cars out to the woods and there they are loaded by the lumber company?

Mr. Stack: Yes.

Commissioner Harlan: And there the loaded cars are delivered back to you at the interchange points?

Mr. Stack: Yes, sir.

Commissioner Harlan: And your one remaining narrow gauge locomotive hauls them from that point to the mill?

Mr. Stack: Yes, sir.

Commissioner Harlan: Do you collect any rent for those four locomotives?

Mr. Stack: No.

Commissioner Harlan: Do you make any charge for hauling the

logs from the interchange tracks to the mill and dumping them in the pond?

Mr. Stack: No.

Commissioner Harlan: That is a free service? Mr. Stack: That is covered by the contract. Commissioner Harlan: Covered in another way?

Mr. Stack: Yes, sir.

Commissioner Harlan: But there is no specific charge for that transportation?

Mr. Stack: No.

Commissioner Harlan: And there is no specific charge for the locomotives you have leased to the lumber company?

Mr. Stack: No.

Commissioner Harlan: What compensation do you get from the lumber company for the use of four locomotives and for the haul of the logs to the mill?

Mr. Stack: We get their outbound tonnage.

Commissioner Harlan: You get their outbound tonnage of manufactured lumber?

1951 Mr. Stack: Yes, sir.

Commissioner Harlan: And where do you receive that lumber?

Mr. Stack: At Woodworth.

Commissioner Harlan: At what point?

Mr. Stack: Woodworth.

Commissioner Harlan: I know, but at what point in Woodworth, at the planing mill?

Mr. Stack: Yes, sir, some at the planing mill and some at the

sawmill.

Commissioner Harlan: Is it mostly dressed lumber or rough lum-

Mr. Stack: Mostly dressed.

Commissioner Harlan: You receive it at the planing mill?

Mr. Stack: Yes.

Commissioner Harlan: At whose track?

Mr. Stack: Joint track.

Commissioner Harlan: Of the Iron Mountain and yourselves?

Mr. Stack: Of the Iron Mountain and ourselves.

Commissioner Harlan: Who places the empty cars there?

Mr. Stack: We do.

Commissioner Harlan: How far is the planing mill from the interchange track with the Iron Mountain track?

Mr. Stack: Oh, probably 25 feet.

1952 Commissioner Harlan: So your railroad hauls the empty cars 25 feet and spots it at the planing mill?

Mr. Stack: Yes, sir, we take it. Of course, the interchange is ager than that. They are just as far apart.

longer than that.

Commissioner Harlan: That is the end of the interchange track?

Mr. Stack: Yes, sir. Commissioner Harlan: Is 25 feet away from the planing mill?

Mr. Stack: Yes.

Commissioner Harlan: And you possibly have a longer haul than that sometimes when the car is farther along on the interchange track?

Mr. Stack: Yes.

Commissioner Harlan: But from the interchange track to the planing mill is about 25 feet?

Mr. Stack: Yes, sir.

Commissioner Harlan: And that is a joint track?

Mr. Stack: Yes, sir.

Commissioner Harlan: And the interchange track itself belongs to the Iron Mountain?

1953 Mr. Stack: That is joint too.

Commissioner Harlan: When you say it is joint, do you mean it is jointly owned by the two companies?

Mr. Stack: The Iron Mountain or the old Watkins Road furnished the steel and we furnished the ties and labor.

Commissioner Harlan: That is the Woodworth & Louisiana Central furnished the ties and labor?

Mr. Stack: Yes, sir.

Commissioner Harlan: Who furnished the right of way?

Mr. Stack: We did; we furnished the right of way.

Commissioner Harlan: I thought you did not have any title west of the Iron Mountain tracks?

Mr. Stack: Well, I consider that ours.

Commissioner Harlan: I know, but I thought all the right of way west of the Iron Mountain track was leased.

Mr. Stack: Oh, no, not all of it.

Commissioner Harlan: You so stated. If you want to correct your testimony now is the time to do it.

Mr. Stack: It is not all leased. I said part of it was leased.

Commissioner Harlan: You certainly stated, and of course you may correct it, but you certainly stated all the right of way 1954 west of the Iron Mountain track was leased either from settlers or from the Rapides Lumber Company. Was that a mistake?

Mr. Stack: Well, that is what I mean, it is all from one or the other.

Commissioner Harlan: So the railroad company does not own it at all west of the Iron Mountain track?

Mr. Stack: No.

Commissioner Harlan: It is simply a lessee. I will ask again, with those facts before you, who furnished the right of way for this interchange track and the spur track which runs in front of the planing mill.

Mr. Stack: It was furnished by lease.

Commissioner Harlan: The railroad company had acquired the use of it by lease from the Rapides Lumber Company?

Mr. Stack: Yes, sir.

Commissioner Harlan: Well, for that service on the lumber what charge do you make?

Mr. Stack: We get a division of the rate.

Commissioner Harlan: What is the lowest division and what is the highest?

Mr. Stack: I think, without knowing positively, I will state about from one and one-half cents to, I think, about five and a half cents.

Commissioner Harlan: Did you not at one time get a higher division than that?

Mr. Stack: I think some time some years ago we did get a higher division than that.

Commissioner Harlan: Did you not get up as high as seven cents? Mr. Stack: That was on some Denver business, I think.

Commissioner Harlan: When was that division cancelled?

Mr. Stack: I think about three or four years ago. Mr. Davis can tell you about it.

Commissioner Harlan: When was that cancelled, Mr. Davis?

Mr. Davis: I cannot tell you exactly.

Commissioner Harlan: Now as I understand it, the only interstate service that you participate in as a carrier and the only transportation service for which you are paid is the haul of the lumber from the planing mill to the interchange track?

Mr. Stack: That is on the business routed by the Iron Mountain.

Of course, we perform a much greater-

Commissioner Harlan: I am talking about the Iron Moun-1956 tain at this point.

Mr. Stack: That is right.

Commissioner Harlan: And I am also talking of the lumber of the Rapides Lumber Company. Now, do you haul any lumber or logs for any other company?

Mr. Stack: No.

Commissioner Harlan: Any forest products?

Mr. Stack: No.

Commissioner Harlan: I am now talking again about the narrow gauge road.

Mr. Stack: Yes, sir.

Commissioner Harlan: Do you haul any staves or ties?

Mr. Stack: No.

Commissioner Harlan: Do you haul any general merchandise over that road?

Mr. Stack: Some, yes, sir.

Commissioner Harlan: What rates do you charge, is that a local movement?

Mr. Stack: That is a local movement.

Commissioner Harlan: Purely?

Mr. Stack: Purely.

Commissioner Harlan: You have no through rates?

1957 Mr. Stack: No.

Commissioner Harlan: We will take the standard gauge line from Woodworth to La Moria; that is 634 miles long?

Mr. Stack: Yes.

Commissioner Harlan: Do you haul any manufactured lumber over that line and deliver it to other carriers?

Mr. Stack: Yes, sir.

Commissioner Harlan: Whose lumber do you haul over there? Mr. Stack: The lumber of the Rapides Lumber Company.

Commissioner Harlan: And from no one else?

Mr. Stack: And from no one else.

Commissioner Harlan: You do that work with your standard locomotive?

Mr. Stack: Yes, sir.

Commissioner Harlan: And you do the work with your standard locomotive when you make delivery to the Iron Mountain?

Mr. Stack: Yes, sir.

Commissioner Harlan: What proportion of your traffic goes beyond the Iron Mountain over this standard track to the other carriers?

Mr. Stack: I should say at least 95 per cent.

1958 Commissioner Harlan: What divisions do you get from those carriers?

Mr. Stack: About I think two to five cents or five and a half cents.

Commissioner Harlan: When was that track built?

Mr. Stack: The standard gauge?

Commissioner Harlan: Yes.

Mr. Stack: In 1900.

Commissioner Harlon: Did you say five or five and a half cents?

Mr. Stack: From five to five and a half cents. I said from two to five and five and a half cents.

Commissioner Harlan: Have you never received any higher divi-

sion than five and a half cents?

Mr. Stack: I said we did get seven cents to some points out in Denver and around in that country at one time.

Commissioner Harlan: When was that standard gauge track

built?

Mr. Stack: In 1900.

Commissioner Harlan: Was the Rock Island in that country at that time?

Mr. Stack: No, sir.

1959 Commissioner Harlan: What lines did you connect with at the other end of your standard gauge track?

Mr. Stack: The Texas & Pacific and the Southern Pacific.

Commissioner Harlan: What divisions did you get from them at that time?

Mr. Stack: I don't remember.

Commissioner Harlan: Did you get any divisions?

Mr. Stack: We got some, yes, sir.

Commissioner Harlan: When did the Rock Island get into that territory?

Mr. Stack: I think it was two or three years ago.

Commissioner Harlan: 1907, was it not?

Mr. Stack: I think so.

Commissioner Harlan: Were your divisions over the T. & P. then increased or did they remain as ever?

Mr. Stack: No, sir, we are not getting any division on the T. & P. now.

Commissioner Harlan: What is that other line over there?

Mr. Stack: The Southern Pacific.

Commissioner Harlan: Were you divisions increased after you joined with the Rock Island?

Mr. Stack: As to that I could not say, but I do not think they were. They were left practically the same, although I would not be sure of that.

Commissioner Harlan: The connection with the Rock Island did not result in any increase in your divisions, as you now recall them?

Mr. Stack: I do not know, not that I recall. It may.

Mr. Davis: The division by the Southern Pacific is four cents with the exception of export.

Commissioner Harlan: What is the export?

Mr. Davis: Two cents,

Commissioner Harlan: Will you answer the question at this point, whether the connection between the Rock Island and the Woodworth & Louisiana Central resulted in an increase of divisions by any line?

Mr. Davis: An increase of one and one-half cents.

Commissioner Harlan: That increase became effective on the Iron Mountain as well as others?

Mr. Davis: No, sir. We are getting now on all business except Alexandria, four cents.

Commissioner Harlan: Four cents on all business?

Mr. Davis: Except Alexandria, Louisiana, and on that we get one and one-half cents.

Mr. Cowan: Mr. Davis will file the division sheets as to all these railroads, of which he is traffic manager, covering the period of time the same as we asked for today in regard to the other line, and also the tonnage in the same way as was asked for from the Louisiana & Pacific and the output of each road, which goes to each road.

Mr. Davis: We will give it to you.

Commissioner Harlan: It is the understanding of the witness that the Rock Island went into that country in 1907. That is my recollection—

Mr. Davis: It is my recollection that we opened up with them in 1908.

Commissioner Harlan: You mean you made a connection with them in 1908?

Mr. Davis: Yes, sir.

Commissioner Harlan: Am I to understand that that did not affect your divisions?

Mr. Davis: It did by that route.

Commissioner Harlan: Of course, you then got divisions?

Mr. Davis: Yes.

Commissioner Harlan: But did it affect the amount of your divisions by any other route?

1962 Mr. Davis: No.

Commissioner Harlan: What division did you then get

from the Rock Island? You have stated that from two to five and a half cents-

Mr. Stack: Yes.

Commissioner Harlan: And you got seven cents on this Denver business?

Mr. Stack: Yes.

Commissioner Harlan: How did that affect the movement of your traffic?

Mr. Stack: Do you mean-

Commissioner Harlan: The connection with the Rock Island.

Mr. Stack: Volume?

Commissioner Harlan: No. but the routing of your traffic.

Mr. Davis: I can explain that. We give 50 per cent of our business to the Rock Island if they furnish cars, and of the balance, 40 per cent to the Southern Pacific.

Commissioner Harlan: Before the Rock Island went in there,

what part of your traffic did the Iron Mountain get?

Mr. Davis: Well, I cannot say. I think the Texas & Pacific got a very large part of it at that time, and after the Rock Island
 1963 connected with us they cancelled all rates with us and have

had none since that time, but up to the time we formed this connection with the Rock Island they got at least 75 to 80 per cent of the topped.

of the tonnage.

Commissioner Harlan: And the Iron Mountain was getting some? Mr. Davis: Yes, they were getting something, not a great deal though. The Iron Mountain and the T. & P. at that time were one, I guess.

Commissioner Harlan: Have you filed a copy of that contract with the Rock Island for the division of the tonnage?

Mr. Davis: Yes, sir, I think so.

Commissioner Harlan: I do not mean the division of the rate, but of the tonnage?

Mr. Davis: Yes, sir; it is in, I think.

Commissioner Harlan: Do you receive free transportation from the Rock Island, Southern Pacific, Iron Mountain and other connections?

Mr. Stack: I have transportation over the Southern Pacific but

not over the other two.

Commissioner Harlan: Not over the Rock Island?

Mr. Stack: No.

Commissioner Harlan: Have you never had?

1964 Mr. Stack: No.

Commissioner Harlan: Why not?

Mr. Stack: I do not know.

Commissioner Harlan: Have you been refused transportation?

Mr. Stack: No, I have never requested it.

Commissioner Harlan: Do you use transportation over the Southern Pacific?

Mr. Stack: Very seldom.

Commissioner Harlan: Does any officer of your line get interchange transportation over the Rock Island? Mr. Stack: I am sure I don't know.

Commissioner Harlan: Who applies for interchange transportation?

Mr. Stack: Mr. Davis, I imagine.

Mr. Davis: Mr. Long and Mr. Sweet and Mr. Rickey and myself, I believe, own Rock Island transportation.

Commissioner Harlan: Southern Pacific.

Mr. Davis: I think all the officers hold annual transportation.

Commissioner Harlan: And the Iron Mountain? Mr. Davis: My recollection is Mr. Long and myself.

Commissioner Harlan: What connection takes you into

1965 Chicago on free transportation? Mr. Davis: From Kansas City?

Commissioner Harlan: Yes, Kansas City or St. Louis.

Mr. Davis: The Rock Island and Burlington.

Commissioner Harlan: You have Burlington transportation?

Mr. Davis: Yes, sir.

Mr. Thurmond: You have had these figures compiled, have you not, your bookkeeper or auditor made them?

Mr. Stack: Yes, sir.

(The paper so offered and identified, was received in evidence and thereupon marked Woodworth & Louisiana Central Exhibit No. 1, received in evidence December 14th, 1910, and is attached hereto.)

Mr. Thurmond: You have seen there figures and know them. Mr. Rickey?

Mr. Rickey: Yes, sir.

Mr. Thurmond: They are taken from records in your office?

Mr. Rickey: Yes, sir. Mr. Thurmond: You think they are accurate?

Mr. Rickey: Yes, sir.

Mr. Thurmond: That is all.

Commissioner Harlan: It is understood without further 1966 examination of these witnesses that both of these lumber companies and both of these railroads belong to what we call the R. A. Long interests.

Mr. Thurmond: Yes, in the sense it has been stated here, that

Mr. R. A. Long has the majority of the stock.

Commissioner Harlan: Yes, he has the majority of the stock.

Mr. Thurmond: Yes.

Mr. Cowan: I understand the extent of that control will be presented to the Commission and also the request I made as to the relative amount of tonnage moving from each mill to each connection, and that this line, the same as we requested of the Louisiana & Pacific, will furnish it. The Commissioner asked for it for 1908. 1909 and 1910, and probably we had better make it the same.

Mr. Thurmond: I suppose any evidence is in here for all purposes, otherwise I ask that that certificate of percentages given by the Louisiana State Railroad Commission be considered in this case.

Commissioner Harlan: The whole record is available in each par-

ticular case.

Mr. Cowan: Do you make out the billing of the lumber that is shipped out from your mill, Mr. Stack?

1967 Mr. Stack: The agent of the railroad does. The waybill

do you mean? Mr. Cowan: Well, the bill of lading.

Mr. Stack: Yes, sir.

Mr. Cowan: The lumber company makes out the bill of lading, does it not?

Mr. Stack: Yes.

Commissioner Harlan: And passes it over to the agent of the

railroad company to sign?

Mr. Stack: No, sir, the railroad company, the shipping clerk of the planing mill hands out a list of cars that is to go out that day, and the railroad agent makes out the bill of lading and sends it or delivers it to the lumber company.

Mr. Cowan: What agent does that?

Mr. Stack: The station agent of the Woodworth & Louisiana Central.

Mr. Cowan: Where does that bill of lading show that the lumber

moves from?

Mr. Stack: That it moves from points—going to the Rock Island or Southern Pacific, it would move from Woodworth.

Mr. Cowan: And in the other case, of the Watkins & Gulf?

Mr. Stack: Pardon me-

1968 Mr. Cowan: In case it is moving over the Watkins & Gulf?

Mr. Stack: Nelsonville.

Mr. Cowan: Where is Nelsonville?

Mr. Stack: On our line west of Woodworth.

Mr. Cowan: In all cases after the lumber is actually loaded at the planing mill and moves out from there?

Mr. Stack: Yes, sir.

Mr. Cowan: And the logs are brought into the mill without any charge in each case?

Mr. Stack: Yes, sir.

Mr. Cowan: And the logs are not shipped separate which furnish the lumber that goes to the Rock Island from that that goes to the Watkins & Gulf?

Mr. Stack: No.

Mr. Cowan: So it is just a mere means of putting in so-called milling in transit on the Watkins & Gulf lumber, but not as to the other two?

Mr. Stack: I think so.

Mr. Cowan: But in all cases the service is the same except you do haul the lumber on from your mill over to the Rock Island and Southern Pacific?

Mr. Stack: That is true.

Mr. Cowan: Where your line joins with the Southern Pacific do you maintain an agency there?

Mr. Stack: Yes, sir, joint agent.

Mr. Cowan: He is the local agent of the Southern Pacific?

- Mr. Stack: The Southern Pacific, the T. & P. and our road.
- Mr. Cowan: And is there an agent at the junction point with the Rock Island?
 - Mr. Stack: Yes, sir.
 - Mr. Cowan: Is he a joint agent?
 - Mr. Stack: No. We only have one agent at La Moria.
- Mr. Cowan: Does he actually have the position of an agent of your road, or do you simply pay a part of his salary?
- Mr. Stack: He is an agent of ours. We consider him so.
 - Mr. Cowan: How is that?
- Mr. Stack: We consider him as an agent, yes, sir.
- Mr. Cowan: Does somebody appoint him an agent?
- Mr. Stack: Yes.
- Mr. Cowan: Or do you just pay part of his compensation?
- Mr. Stack: He is our agent and signs himself as our agent.
- Mr. Cowan: Do you pay compensation to him?
- Mr. Stack: Yes, sir.
 - Mr. Cowan: What proportion?
- 1970 Mr. Stack: We pay him \$35.00 a month.
- Mr. Cowan: All of the figures to show the traffic on your line are in the hands of Mr. Davis?
 - Mr. Stack: Yes, sir.
- Mr. Cowan: I understand you to answer the Commissioner that you handle some merchandise, but that was just local. But you do not handle that as a carrier of merchandise, do you?
 - Mr. Stack: We handle anything that is offered us.
 - Mr. Cowan: Well, what do you handle?
 - Mr. Stack: We handle groceries and general merchandise.
 - Mr. Cowan: And that goes out to whom?
 - Mr. Stack: Out to our camps, out to the mill company's camps.
 - Mr. Cowan: Well, that is the extent of it?
- Mr. Stack: Well, then, and from La Moria to Woodworth we handle merchandise.
 - Mr. Cowan: In what quantity?
 - Mr. Stack: Not very large quantities.
 - Mr. Cowan: What do you get for that, your local rates?
 - Mr. Stack: We have through rates, I think. For that you will have to refer to Mr. Davis.
- 1971 Mr. Cowan: He knows all about what you handle on the different lines, does he?
 - Mr. Stack: Yes, sir.
- Mr. Cowan: I suppose there will be a classified commodity request. I think it has already been made, but if not, it will be, so that everybody will file a statement of the classified commodities, to show what quantity of stuff has moved and what they get for it.
 - Mr. Stack: We also handle a large amount of cane on our line. Commissioner Harlan: I will ask you whether you handle any
- farm products on your line?
 - Mr. Stack: Yes, sir, a large amount of cane. Commissioner Harlan: Between where?
 - Mr. Stack: Shady Spur and La Moria.

Commissioner Harlan: Is that a local movement to La Moria? Mr. Stack: Yes, sir.

Commissioner Harlan: On the local rate?

Mr. Stack: Yes.

Commissioner Harlan: Any cotton?

1972 Mr. Stack: No.

Mr. Cowan: That is for the purpose of the camp or of the

mill company?

Mr. Stack: Going west, yes, sir; at Woodworth and La Moria it is for the Rapides Lumber Company's store and two or three other little stores that are located there.

Mr. Cowan: Well, Mr. Davis can furnish a statement with regard

to all of that?

Mr. Stack: Yes, sir.

Commissioner Harlan: This branch of the Commission will now adjourn until 9:30 tomorrow morning.

Whereupon, at 5:30 P. M., an adjournment was taken to Thursday, December 15th, 1910, at 9:30 A. M.

[End of Volume I.]

STERRIE COURT OF THE UNITED

UNITED STATES AND INTERSTATE COMMERCIE CONCUERIG APPELLANTS,

LOUISIANA AND PACIFIC BAILWAY OO. BY AL.

Ho. 680. Atoribon, Topeka and Santa pe Railway Company by Al., Appellants

LOUISIANA AND PACIFIC BAILWAY CO. BY AL.

We. 881.
UNITED STATES AND INTERSTATE CONNESICE COMMERCIA,
APPELLANTS,

WOODWORTH AND LOUISIANA CENTRAL BAILWAY COMPANY BY A

AYCHESON, TOPEKA AND SANTA PE BAHWAY COMPANY IT AL.

WOODWORTH AND LOUISIANA CENTRAL BAILWAY COMPANY BY

UNITED STATES AND INTERSTATE COMMERCE COMMERCIA, APPELLANTS.

MANSFIELD RAILWAY AND TRANSPORTATION COMPANY BY AL

ATCHISON, TOPEKA AND SANTA FE BAILWAY COMPANY OF AL

MANIFIELD RAILWAY AND TRANSPORTATION COMPANY IT AL

UNITED STATES AND INTERSTATE CONCERNS COMMISSION, APPRILANTS,

VIOTORIA, FISHER AND WESTERN RAILBOAD COMPANY BY AL.

ATCHISON, TOPERA AND SANTA PE BAILWAY COMPANY BY ALL APPELLANTS,

VICTORIA, PIRHER AND WESTERN RATIROAD COMPANY OF AL.

APPEALS FROM THE UNITED STATES COMMERCE COURT.



United States Commerce Court.

No. 90.

LOUISIANA & PACIFIC RAILWAY COMPANY ET AL., PETITIONERS,

28.

THE UNITED STATES OF AMERICA ET AL., RESPONDENTS; INTERSTATE COMMERCE COMMISSION ET AL., INTER-VENERS.

No. 91.

WOODWORTH & LOUISIANA CENTRAL RAILWAY COMPANY, LIMITED, ET AL., PETITIONERS,

28.

THE UNITED STATES OF AMERICA ET AL., RESPONDENTS; INTERSTATE COMMERCE COMMISSION ET AL., INTERVENERS.

No. 92.

MANSFIELD RAILWAY & TRANSPORTATION COMPANY ET AL., PETITIONERS,

vs.

THE UNITED STATES OF AMERICA, RESPONDENT; INTER-STATE COMMERCE COMMISSION ET AL., INTERVENERS,

No. 93.

VICTORIA, FISHER & WESTERN RAILROAD COMPANY ET AL., Petitioners,

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THE UNITED STATES OF AMERICA, RESPONDENT; INTER-STATE COMMERCE COMMISSION ET AL., INTERVENERS,

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VOLUME II.

STAR GRAIN AND LUMBER COMPANY et al., Complainants, against
ATCHISON, TOPEKA & SANTA FE RAILWAY COMPANY et al., Defendants.

1973 New Orleans, La., December 15, 1910.

Met pursuant to adjournment at 10:00 A. M. Before Examiner Burchmore.

Examiner Burchmore: Gentlemen, Examiner Boyle of the Commission will hold hearings during the day in the adjoining room. The cases to come up before him will be announced in this room. He will take up first the Gould Southwestern Railroad, and is now ready to poceed. The next road to come up before him will be the Liberty White, which I understand is an east of the river line. Are there any other east of the river tap lines present this morning?

(No response.)

Examiner Burchmore: There seems to be a general anxiety to conclude this hearing as soon as it can be completed without neglecting any important facts of the investigation, and in order to attain that result and expedite the time, I have been instructed by Commissioner Harlan to continue the proceeding in the same manner in which it has been conducted so far, and if counsel will cooperate by

limiting their examination as much as it can be limited and 1974 by refraining from asking questions which have already been asked by other examining counsel, I think we may be able to adjourn this hearing by Saturday night, a result which I think all desire to see attained. A line of questions was gone into the other day concerning the so-called Colonial Railroad System, and I believe that Mr. Fullerton agreed to be present at a later time to explain that system or his understanding of that system to the Commission. Is Mr. Fullerton present?

Mr. Fullerton: Yes.

Examiner Burchmore: Will you please be sworn.

S. H. Fullerton, was called as a witness, and having been duly sworn, testified as follows:

Examiner Burchmore: Will you make such explanations as you are able to with respect to this so-called Colonial System of tap lines?

Mr. Fullerton: I know absolutely nothing about them.

Examiner Burchmore: Then you are not able to enlighten the Commission in this connection?

(805)

Mr. Fullerton: The talk about the Colonial System I heard her for the first time.

1975 Examiner Burchmore: Were you not the president of system by that name?

Mr. Fullerton: No, sir.

Examiner Burchmore: I had inferred yesterday, Mr. Fullerton that for some years there was an association of several tap lines, th association not taking the form of an incorporation or formal organ zation, and the tap lines that were in this association were controlled by certain lumber companies whose entire output was sold throug the Colonial Lumber Company. Now whether that explanation correct or not, I do not know, but have you ever heard of the Colnial Lumber Company?

Mr. Fullerton: Yes, sir, the Colonial Lumber & Timber Con

pany.

Examiner Burchmore: Are you or have you been an officer of stockholder in that company?

Mr. Fullerton: I never have been an officer.

Examiner Burchmore: You have been a stockholder? Mr. Fullerton: We bought out the Colonial Lumber & Timber

Company I think about the first of 1907.

Examiner Burchmore: In connection with that purchase of the Colonial Lumber & Timber Company you were not advised of the prior existence of any so-called Colonial System of tap lines

Mr. Fullerton: No.

Examiner Burchmore: What was the nature of the bus ness of the Colonial Lumber & Timber Company? Mr. Fullerton: They had interests in certain manufacturing in

dustries and bought and sold lumber.

Examiner Burchmore: They did not manufacture lumber? Mr. Fullerton: Yes, they manufactured it, that is through su

sidiary companies, not directly.

Examiner Burchmore: That was a holding and selling company

Mr. Fullerton: Yes, sir.

Examiner Burchmore: Then you are not able to enlighten the Commission with respect to the so-called Colonial System?

Mr. Fullerton: No, I do not know anything about it.

Examiner Burchmore: Do you know anyone who might be able

enlighten the Commission?

Mr. Fullerton: M. L. Fleishel, who was President of the Colonia Lumber & Timber Company might be able to do so. He was the man, we bought out his holdings in the Colonial Lumber & Timber Company.

Examiner Burchmore: Does counsel desire to address any que

tions to the witness in this connection?

1977 Mr. Cowan: Just with respect to the Colonial Lumber Con

Examiner Burchmore: Just in that connection.

Mr. Cowan: Just in that connection only, none that I know of.

(Witness excused.)

M. L. Fleishel, called as a witness, and having been duly sworn. testified as follows:

Examiner Burchmore: Can you inform the Commission with respect to this system of tap lines?

Mr. Fleishel: Yes, sir.

Examiner Burchmore: Please make such explanation as you can. Mr. Fleishel: The Colonial Railway System was composed of a number of short line railroads that were the property of several lumber companies of which I was an officer. The name of Colonial System was simply used as a trade name for convenience; it was not an incorporated system, and had no significance other than the combining of those different railroads under one heading for convenience. That is about all there is to it. I was an officer of those several

short line railroads myself.

Examiner Burchmore: You were an officer of each of those

1978 Examine

Mr. Fleishel: Yes, sir.

Examiner Burchmore: Was the Bernice & Northwestern one of those roads?

Mr. Fleishel: Yes, sir.

Examiner Burchmore: The Warren, Johnsville & Saline River?

Mr. Fleishel: No.

Examiner Burchmore: Was the Tioga & Southeastern?

Mr. Fleishel: No.

Examiner Burchmore: Was the Shamrock & Western?

Mr. Fleishel: Yes, sir.

Examiner Burchmore: Was the Mill Creek & Little River Railroad & Navigation Company a member?

Mr. Fleishel: I think it was; I am not positive; either that or the

Boston & Little River.

Examiner Burchmore: Was the Little Rock, Sheridan & Saline River Railway?

Mr. Fleishel: No.

Examiner Burchmore: The Sabine & Little River?

1979 Mr. Fleishel: No, sir.

Examiner Burchmore: Were there any other companies in

that system?

Mr. Fleishel: I think we were interested in a road over in Alabama about that time, and I am not sure but that was under that heading, but that was never an incorporated road.

Examiner Burchmore: And these lumber companies or tap lines were owned or controlled by substantially the same financial interests?

Mr. Fleishel: Yes, sir.

Examiner Burchmore: Any further questions by counsel?

Mr. Cowan: Which three or four or whatever it was formed the

Colonial System?

Mr. Fleishel: I think the Bernice & Northwestern, the Shamrock & Western, and I think the Mill Creek & Little River Railroad & Navigation Company, and at that time the Dorcheat, the Blackman & Dorcheat, I think it was.

Mr. Cowan: What were the lumber companies served by each of those roads?

Mr. Fleishel: The Bernice Lumber Company and the Brown

Lumber Company.

Mr. Cowan: Which one served the Brown Lumber Com-

1980 pany?

Mr. Fleishel: The Shamrock & Western.

Examiner Burchmore: The Little River Lumber Company owns the Mill Creek & Little River Railroad?

Mr. Fleishel: Yes, sir, substantially.

Mr. Cowan: What others?

Mr. Fleishel: The Vredenburg Sawmill Company own the road in Alabama. The Bernice Lumber Company, the Brown Lumber Company, and the Valley Lumber Company, and the Blackman & Dorcheat.

Examiner Burchmore: The Dorcheat Company and the Brown Lumber Company were controlled by the Chicago Lumber & Coal

Company?

Mr. Fleishel: No.

Examiner Burchmore: Who did control those companies?

Mr. Fleishel: I did personally. The Chicago Lumber & Coal Company had nothing to do with them at that time. You understand this Colonial Railway System has had no existence of any kind for something over four years, I think.

Mr. Cowan: When it did have existence, the purpose of it was to handle the business passing over it somewhat as a unit?

1981 Mr. Fleishel: Well, yes.

Mr. Cowan: And that I assume was for the purpose of being able to get as good divisions from the trunk lines as you could?

Mr. Fleishel: No, the majority of them got no divisions whatever. During the years of the Colonial System I do not think any of those roads got any division.

Mr. Cowan: What could have been the purpose of it?

Mr. Fleishel: We expected to, and we hoped to, but we never did get them. The Bernice & Northwestern in later years and the Mill Creek & Little River Company in later years got divisions but the others never did get any.

Mr. Cowan: There was no other purpose of having the railroads

operate under a particular name?

Mr. Fleishel: We incorporated most of those roads with the expectation of complying with the law and getting divisions, but we never did do it. I sold them out about that time, and never did follow them up.

Mr. Cowan: At the present time are those lumber companies which you mentioned still operating the railroads you mentioned?

Mr. Fleishel: Well, I do not know. The lumber companies are not any more—they sold their properties out to rail-road corporations.

Mr. Cowan: They have gone out of existence, have they?

Mr. Fleishel: No, the railroads have not. Some of them have, all but two have.

Mr. Cowan: What two?

Mr. Fleishel: The Bernice & Northwestern and the Mill Creek & Little River Railway & Navigation Company.

Mr. Cowan: And that was because the timber was cut out, I as-

sume, in the other cases?

Mr. Fleishel: No.

Mr. Cowan: Did they sell out to some other company?

Mr. Fleishel: Yes.

Mr. Cowan: What companies own them now?

Mr. Fleishel: The timber was sold at Cotton Valley, and the Dorcheat Company's timber was sold, surrounding that country, to the Porter-Wadley Lumber Company. The Brown Lumber Company is still operating and will be for a good many years.

Mr. Cowan: Does it operate the same railroad?

Mr. Fleishel: Yes.

Mr. Cowan: Does that railroad now get divisions?

1983 Mr. Fleishel: No.

Mr. Cowan: Do any of the railroads which are in this list of the Colonial Line now operate or get divisions?

Mr. Fleishel: Yes, the Bernice & Northwestern and the Mill

Creek & Little River Railway & Navigation Company.

Mr. Cowan: The Mill Creek & Little River Railway & Navigation Company has been heard?

Mr. Fleishel: Both of them have been heard.
Mr. Cowan: Both of them have been heard?

Mr. Fleishel: Yes.

Mr. Cowan: At present there is no relation between them whatever?

Mr. Fleishel: No.

Mr. Cowan: That Colonial Company had no reference to the handling of the lumber, that is the selling of the lumber?

Mr. Fleishel: The Colonial Lumber & Timber Company sold the bulk of the lumber in those days. It was a wholesale company. Mr. Cowan: And they practically handled the output as a common

sales agent company?

Mr. Fleishel: Yes.

Mr. Cowan: Does that company still operate?

1984 Mr. Fleishel: I think it does. I am not at the head of it any longer.

(Witness excused.)

1985 Examiner Burchmore: Is the Antoine Valley Railroad before the Commission?

(No response.)

Examiner Burchmore: Is counsel present for the Memphis, Dallas & Gulf?

(No response.)

Examiner Burchmore: I may state into the record into we were informed yesterday that the Antoine Valley Railroad had been absorbed by the Memphis, Dallas & Gulf. I understand also that

the Memphis, Dallas & Gulf has absorbed the Ultima Thule, Arkadelphia & Mississippi Railway. Is the Mississippi Valley Railroad present?

(No response.)

Mr. Ziebold: Is that road in Arkansas, connecting the Iron Mountain?

Examiner Burchmore: No, that is the other company. I understand you represent the Mississippi Valley Railway.

Mr. Ziebold: Yes.

Examiner Burchmore: That will be called later in the morning.

Is the Paragould & Memphis present? An appearance has been filed for that company, by Mr. John B. Daish.

1986 Is the Portland & Southeastern Railway present? A letter has been received from that company and will be filed of record. The letter indicates that they will not appear.

(The letter is as follows:)

DEC., 13, 1910.

Commissioner Harlan, Grunewald Hotel, New Orleans, La.

DEAR SIR: Owing to circumstances over which we have no control it will be impossible for us to be present at the meeting now be-

ing held by your Commission.

We own and operate, according to the enclosed schedule, a line of railroad from Portland, Arkansas, to Albritton, Arkansas. This road is standard gauge and has been constructed at great expense, as a permanent road. It now is serving the people and persons engaged in timber and lumber business along its right of way with freight facilities. Several manufacturing establishments being already in operation and quite a number have contracted for the construction of mills and factories. Others are seeking locations in

the vicinity of our road for the purpose of engaging in the

1987 manufacturing business.

We have applied for a United States mail contract and the Government Inspector has examined the road and its equipment and

facilities and has approved the application.

This road is not a logging road, but was constructed and equipped and is now being operated as a regular railroad engaged in the business of transporting freight and passengers to and from various points along its lines and thereby accommodating the general public

with freight and passenger service.

We have a schedule of freight tariffs on file with your Commission and concur in and conform to the tariff of rates of the St. Louis, Iron Mountain & Southern Railroad with which we connect at the City of Portland, Arkansas, and we further concur in the rates as promulgated and published by the Railroad Commission of the State of Arkansas.

We are arranging to continue the extension of our road southwardly to connect with the Queen & Crescent at Delhi or at some other point, and also to extend the road to Lake Providence, on the Mississippi River Financial arrangements are now under way look-

ing towards the raising of funds for this purpose.

1988 In view of the foregoing, we beg to advise that the charter of our company was issued by the State of Arkansas and we are a railroad within the full intent and meaning of the statute authorizing the building and operation of railroads in the State of Arkansas.

For some time past we have been making, and are now making our regular monthly reports to your Commission at Washington, as

required by the United States statutes.

In the event your Commission should decide that our company is not a common carrier we shall have gone to an unnecessary expense in constructing the road in such substantial manner as would conform to the essential elements of a common carrier. We, therefore, trust that you will make no decision unfavorably affecting our company or its property and which does not recognize it as a public carrier.

Should you desire further information in regard to it, we will hold

ourselves in readiness to at any time furnish same.

The officers of the company desire to express their regrets in being unable to be present either in person or by their representative.

1989

Very truly yours, PORTLAND SOUTHEASTERN RAILWAY COMPANY, By SAM B. JEFFRIES,

Vice Pres. & General Counsel."

Examiner Burchmore: Is the Wilmar & Saline Valley present?
Mr. Riddell: Mr. Judson is coming here to represent that road.
I understand his train has been delayed. He will make his appearance later.

Examiner Burchmore: It was agreed that that case would be de-

ferred until noon, as I recall it.

The Lake Charles Railway & Navigation Company.

Mr. Porter: Counsel are not present for that road this morning. Examiner Burchmore: Are there any other Iron Mountain connections present who have not been heard or called?

(No response.)

Examiner Burchmore: The Anderson & Saline River Railway.

(No response.)

Examiner Burchmore: The Blytheville, Leachville & Arkansas Southern. The attorney for that road is now trying a case before Examiner Boyle, and this case will be deferred until he concludes that examination.

Examiner Burchmore: The Bearden & Ouachita River

1990 Railroad.

Mr. Beland: I represent that road. Mr. Walter is counsel. (At this point Mr. Luther M. Walter appeared.)

Mr. Walter: We are ready for that case and our principal witness will also be a witness in the Thornton & Alexandria.

Examiner Burchmore: We will proceed with the Bearden & Ouachita River.

The Delhi, Baskin & Southwestern Railway Company.

Mr. G. W. Smith: I appear for that road, and I will state that at this time the Delhi, Baskin & Southwestern withdraws objections to cancellations of these tariffs, reserving the right, of course, to make application to the Commision to have the same reinstated in the future.

Examiner Burchmore: The Delhi, Baskin & Southwestern con-

nects with the Iron Mountain?

Mr. Smith: Yes, sir.

Examiner Burchmore: And I understand it is willing to relinquish divisions on lumber, but wishes to reserve the rigght later if they be established.

Mr. Smith: Yes, sir.

Examiner Burchmore: That statement will be noted of record without any understanding, however, that that right will be reserved to it.

1991 Mr. Smith: I understand that perfectly.

Bearden & Ouachita River Railroad Company.

J. H. BELAND was called as a witness, and having been duly sworn, testified as follows:

Examiner Burchmore: Mr. Beland, you are an officer of the Bearden & Ouachita River Railroad? Mr. Beland: Yes, sir.

Examiner Burchmore: What is your office? Mr. Beland: Vice-president and manager.

Examiner Burchmore: Our understanding is that the Bearden & Ouachita River Railroad is controlled by the Cotton Belt Lumber Company, through the ownership of capital stock. Is that correct?

Mr. Beland: The same stockholders are practically the same for the lumber company as for the railroad, but two separate corpora-

tions.

Examiner Burchmore: They are separate corporations, but the stock is held by the same people?

Mr. Beland: Practically so.

Examiner Burchmore: Do those stockholders hold their 1992 stock in the two companies in the same proportion?

Mr. Beland: Yes, sir.

Examiner Burchmore: Where are the mills of the Cotton Belt Lumber Company located with reference to this line?

Mr. Beland: At Best, Arkansas,

Examiner Burchmore: There is but one mill?

Mr. Beland: One mill.

Examiner Burchmore: Is there a saw mill and planing mill? Mr. Beland: Saw mill and planing mill.

Examiner Burchmore: The plant is located directly on the rails of the St. Louis Southwestern Railway, as well as on the rails of the Bearden & Ouachita River Railroad?

Mr. Beland: It is not on the right of way of the railroad.

Examiner Burchmore: But it immediately adjoins the right of way?

Mr. Beland: It does.

Examiner Burchmore: The junction with the Cotton Belt is at Best, Arkansas?

Mr. Beland: Yes.

Examiner Burchmore: Does this railroad intersect any other common carrier railroad?

Mr. Beland: No.

1993 Examiner Burchmore: I understand that the Bearden & Ouachita River Railroad runs in a southerly direction from Best for a distance of about 15 miles to Caney.

Mr. Beland: 14 miles absolutely due south.

Examiner Burchmore: And at Caney a private tram road owned by the Cotton Belt Lumber Company extends on in a southerly direction for a number of miles?

Mr. Beland: Practically in all directions, east, west and south of

Caney.

Examiner Burchmore: What is the mileage of that private tram road?

Mr. Beland: Well, from half a mile to eight miles; it varies, where the logging is done.

Mr. Beland: I believe we have about eight or nine miles of steel. Examiner Burchmore: What is the character of the territory traversed by the Bearden & Ouachita River Railroad?

Mr. Beland: Pine flat land.

Examiner Burchmore: Are there any farms along the way?

Mr. Beland: Yes, sir.

1994 Examiner Burchmore: Would you describe it as being in part of a farming country?

Mr. Beland: It is.

Examiner Burchmore: How many farms are on or near the line? Mr. Beland: For a distance out from Best to 12 miles there are numerous farms all through there.

Examiner Burchmore: Beyond that point it is exclusively a tim-

ber country?

Mr. Beland: A few scattered homesteads.

Examiner Burchmore: Are there any other saw mills or milling operations on or near the line of this railroad?

Mr. Beland: None.

Examiner Burchmore: Then the Cotton Belt Lumber Company owns the only saw mill that this road serves?

Mr. Beland: Yes, sir.

Examiner Burchmore: Do these farmers manufacture staves or other forest products?

Mr. Beland: Occasionally they do.

Examiner Burchmore: How much of the timber land or what

proportion of the land and stumpage rights in the territory served by this company is owned or controlled by the Cotton Belt Lumber

Company?

Mr. Beland: Well, from eight miles out from Best I suppose 75 per cent of the land within a mile or two of the railroad track is owned by the lumber company.

Examiner Burchmore: Practically all of the timber is owned?

Mr. Beland: Yes.

Examiner Burchmore: So that the 25 per cent of the land which is not owned by this lumber company is not timber land?

Mr. Beland: No. sir.

Examiner Burchmore: Was that land formerly held by the lumber company and then disposed of by other people?

Mr. Beland: Some of it has and some has been cleared for farm-

ing.

Examiner Burchmore: When was this railroad constructed, or when was the first construction?

Mr. Beland: I suppose 15 or 18 years ago.

Examiner Burchmore: At that time it was merely a logging road?

Mr. Beland: Yes, sir.

Examiner Burchmore: By whom was the railroad constructed?

Mr. Beland: The lumber company.

Examiner Burchmore: When was this mill at Best opened?

Mr. Beland: About 1885.

1996 Examiner Burchmore: Previous to the building of any part of the railroad?

Mr. Beland: Yes, sir.

Examiner Burchmore: Then I assume that this railroad was constructed originally, or the first construction of this railroad was for the purpose of serving the mill at Best with logs?

Mr. Beland: Yes, sir.

Examiner Burchmore: When was it incorporated as a railroad?

Mr. Beland: June, 1904.

Examiner Burchmore: Previous to that time had it received any divisions out of joint rates on lumber?

Mr. Beland: My recollection is that it had, although I am not

sure.

Examiner Burchmore: It was at that time incorporated as a common carrier railroad under the laws of that state?

Mr. Beland: Yes. sir.

Examiner Burchmore: And it has since held itself out to the public as a common carrier?

Mr. Beland: We take care of any business that is offered us.

Examiner Burchmore: What was the purpose of the incorporation of this railroad company?

Mr. Beland: It is my recollection that we could not receive a freight proportion unless we were an incorporated road.

Examiner Burchmore: What was the capital stock of this railroad company at the time of its organization?

Mr. Beland: \$28,000.

Examiner Burchmore: Was that entire amount issued at the time?

Mr. Beland: Yes, sir.

Examiner Burchmore: What was the authorized capital stock at that time?

Mr. Beland: \$28,000.

Examiner Burchmore: Has there been any capital stock issued since that time?

Mr. Beland: No.

Examiner Burchmore: So the present capital stock is \$28,000?

Mr. Beland: Yes, sir.

Examiner Burchmore: Was that stock issued in the beginning for cash?

Mr. Beland: There was a dividend declared by the lumber

1998 company when the railroad was sold.

Examiner Burchmore: When the railroad was sold to the railroad comporation?

Mr. Beland: Yes, sir.

Examiner Burchmore: And that dividend, instead of being in cash, took the form of stock in the railroad company?

Mr. Beland: Practically so.

Examiner Burchmore: The present officers of the two companies, I understand, are identical.

Mr. Beland: About.

Examiner Burchmore: They have the same president?

Mr. Beland: Yes, sir. Examiner Burchmore: The same vice-president?

Mr. Beland: Yes, sir.

Examiner Burchmore: The same secretary?

Mr. Beland: Yes, sir.

Examiner Burchmore: The same treasurer?

Mr. Beland: Yes, sir.

Examiner Burchmore: And do they have the same traffic man ager?

Mr. Beland: Well, the secretary acts as traffic manager.

Examiner Burchmore: Of both companies?

1999 Mr. Beland: Of both companies.

Examiner Burchmore: Are there any officers of the rail-road company who receive salaries from the railroad company?

Mr. Beland: Yes, sir.

Examiner Burchmore: What officers are those and what are their salaries?

Mr. Beland: I think the president receives about \$50 a month. I receive \$50. The secretary \$50.

Examiner Burchmore: And the treasurer?

Mr. Beland: Nothing. Also the lumber company's woods foreman, about \$60 of his salary is charged to the railroad. He acts as agent at Caney.

Examiner Burchmore: This woods foreman acts as station

agent.

Mr. Beland: Yes, sir.

Examiner Burchmore: Does he perform a substantial service for which he should be paid \$60 a month?

Mr. Beland: He performs a service of checking all the stock in

and out that is shipped to the people about the country.

Examiner Burchmore: What proportion of his time is devoted to railroad service?

Mr. Beland: It would be hard to say. Examiner Burchmore: Half of his time?

Mr. Beland: No, not a third.

Examiner Burchmore: What salary does he receive from the lumber company?

Mr. Beland: \$150 a month.

Examiner Burchmore: Then the salary is supposed to be divided between the two companies in the same proportion that his service is divided?

Mr. Beland: About.

Examiner Burchmore: Do these other officers of the railroad company render any actual service to the company for which they should receive these salaries?

Mr. Beland: Practically not.

Examiner Burchmore: They serve it only nominally?

Mr. Beland: Yes, sir.

Examiner Burchmore: And their salaries, I presume, are inconsiderable in comparison to their salaries from the lumber company?

Mr. Beland: Yes.

Examiner Burchmore: These paid officers are all stockholders in the lumber company with the exception perhaps of this woods foreman?

2001 Mr. Beland: Yes, they are all excepting the woods fore-

man.

Examiner Burchmore: The main line mileage of this railroad is 14 miles?

Mr. Beland: Yes sir.

Examiner Burchmore: How many miles of siding has it?

Mr. Beland: It has only a few hundred feet.

Examiner Burchmore: Is it standard or narrow gauge, and what is the weight of the rail?

Mr. Beland: Standard gauge 35 pound steel.

Examiner Burchmore: From whom was that steel obtained?

Mr. Beland: Some from the Illinois Steel Company and some from the Carnegie Steel Company.

Examiner Burchmore: None of that rail was furnished by the

Cotton Belt System of railroad?

Mr. Beland: None.

Examiner Burchmore: What rate of freight did you pay to get that steel to Best, a special rate published by the carrier to take care of that particular movement or movements?

Mr. Beland: I think the last rails we purchased were all bought

delivered from the steel company.

Examiner Burchmore: Does this company hold any trackage rights over the rails of other companies?

2002 Mr. Beland: No, sir.

Examiner Burchmore: Do the engines of the Cotton Belt at any time pass over the rails of this company?

Mr. Beland: The engines of the Cotton Belt?

Examiner Burchmore: Yes.

Mr. Beland: No, sir; the Cotton Belt Lumber Company owns no engines.

Examiner Burchmore: I mean the Cotton Belt Railroad.

Mr. Beland: No.

Examiner Burchmore: You connect with the Cotton Belt Railroad?

Mr. Beland: Yes.

Examiner Burchmore: What is the nature of the construction of this railroad; is it well built with substantial bridges?

Mr. Beland: Yes, sir.

Examiner Burchmore: And easy grades?

Mr. Beland: Yes.

Examiner Burchmore: How is it ballasted?

Mr. Beland: It is simply surfaced with the earth thrown up from the dumps.

Examiner Burchmore: Is the character of the country 2003 such that cuts and fills are necessary?

Mr. Beland: Only slight.

Examiner Burchmore: Where necessary you have made such cuts and fills?

Mr. Beland: Yes, sir.

Examiner Burchmore: How many locomotives are there?

Mr. Beland: Three.

Examiner Burchmore: How many freight cars and what is their class?

Mr. Beland: We only have but one box car, a small box car with about 50 logging cars.

Examiner Burchmore: You call that box car a passenger car, do you not?

Mr. Beland: No.

Examiner Burchmore: Haven't you got a passenger car?

Mr. Beland: No.

Examiner Burchmore: You had one?

Mr. Beland: No, sir. You are mixing it up with the T. & A., I expect.

Examiner Burchmore: We have on our list one combination passenger and freight car.

Mr. Beland: No.

2004 Examiner Burchmore: That is the box car to which you refer?

Mr. Beland: That is the box car. Well, it is used as a caboose, and also hauling the local stuff to and from Caney.

Examiner Burchmore: Is this locomotive equipped with safety devices?

Mr. Beland: No.

Examiner Burchmore: It has not air brakes or automatic couplers?

Mr. Beland: No.

Examiner Burchmore: How about the box car?

Mr. Beland: It is not.

Examiner Burchmore: Do not the safety appliance laws of Congress require your company to equip its cars and engines with air brakes and other safety devices?

Mr. Beland: I think so.

Examiner Burchmore: Why have you not complied with that requirement, if there is any special reason?

Mr. Beland: We have not done any interstate business.

Examiner Burchmore: You have not done an interstate business? Mr. Beland: No, that is, outside of our logs.

Examiner Burchmore: Have you any station buildings?

2005 Mr. Beland: No, sir.

Examiner Burchmore: You have stations, however?

Mr. Beland: We have a sort of a warehouse that is owned by the Cotton Belt Lumber Company.

Examiner Burchmore: Where is that located?

Mr. Beland: Best.

Examiner Burchmore: Is the road equipped with telegraph or telephone service?

Mr. Beland: No.

Examiner Burchmore: How many track crews have you at work on the line?

Mr. Beland: We have one at present.

Examiner Burchmore: Sometimes have two or three?

Mr. Beland: Yes.

Examiner Burchmore: Do those track men at any time work on the private tram road of the Cotton Belt Lumber Company?

Mr. Beland: No, sir.

Examiner Burchmore: Is it not a fact that they keep that road in good repair and maintain it?

Mr. Beland: No, we have a separate section crew for the Bearden

& Ouachita River.

Examiner Burchmore: Do not the same men comprise 2006 both crews?

Mr. Beland: No.

Examiner Burchmore: Have you any station employees other than this woods foreman to whom you refer?

Mr. Beland: No, sir.

Examiner Burchmore: How many train crews have you?

Mr. Beland: One.

Examiner Burchmore: How do you operate three locomotives with one train crew?

Mr. Beland: The train crew of the main line is charged to the railroad. The other crews are furnished by the lumber company on the spur.

Examiner Burchmore: Are there any employees in the general

offices of the railroad company other than the officers to whom reference has been made?

Mr. Beland: No.

Examiner Burchmore: Do the clerks of the lumber company perform any clerical work for the railroad company?

Mr. Beland: Only the secretary of the lumber company, as I men-

tioned a while ago.

Examiner Burchmore: Then there are no clerks of the lumber company who work for the railroad company?

2007 Mr. Beland: No.

Examiner Burchmore: And the railroad company has no clerks other than the gentlemen already mentioned?

Mr. Beland: That is right.

Examiner Burchmore: Do you run any passenger or mixed train? Mr. Beland: We carry passengers, but no charge is made for the service.

Examiner Burchmore: Then you do not carry passengers for hire?

Mr. Beland: No.

Examiner Burchmore: Is the road incorporated merely as a freight carrier?

Mr. Beland: I could not say as to that.

Examiner Burchmore: Are the trains run on a regular schedule? Mr. Beland: There is a trip made some time in the forenoon and sometime in the afternoon.

Examiner Burchmore: But there is no published time table?

Mr. Beland: No.

Examiner Burchmore: You do not carry any mail or express matter?

Mr. Beland: No, sir.

2008 Examiner Burchmore: Are you able to give the figures for your total freight tonnage for the last fiscal year, or for any other defined period of time?

Mr. Beland: I think the past fiscal year was something like 58,000

tons. I am not sure as to that.

Examiner Burchmore: That is a slight increase over the tonnage for the preceding year?

Mr. Beland: I do not know.

Examiner Burchmore: It seems to be, if the figures we have for the previous year are correct and your figures also are correct. About 95 per cent of that tonnage was lumber, was it not?

Mr. Beland: Logs.

Examiner Burchmore: What other commodities did you handle?
Mr. Beland: An occasional car of cotton, fertilizer, feed and some
groceries, local.

Examiner Burchmore: Does the Cotton Belt Lumber Company

have any commissaries along the line of this road?

Mr. Beland: Only at Best.

Examiner Burchmore: Is that commissary located adjacent to the right of way of the St. Louis Southwestern Railroad?

Mr. Beland: Yes, sir.

2009 Examiner Burchmore: Does any of the freight intended for that commissary ever pass over the rails of the Bearden & Ouachita River Railroad for any distance?

Mr. Beland: No.

Examiner Burchmore: So this railroad is never interested in any way in traffic for the commissary?

Mr. Beland: No.

Examiner Burchmore: Does it handle any other traffic of any kind at any time for the lumber company?

Mr. Beland: Groceries, and such as that; that go to our log

eamps.

Examiner Burchmore: Do you charge any freight for that?

Mr. Beland: There is a charge made.

Examiner Burchmore: What is that charge, your regular local freight charge?

Mr. Beland: Yes, sir, I think it is.

Examiner Burchmore: It is the Arkansas Commission tariff, as applied to your road?

Mr. Beland: I think so.

Examiner Burchmore: You handle no lumber or forest products for shippers other than the Cotton Belt Lumber Company?

Mr. Beland: An occasional car of staves and cotton seeds.

2010 Examiner Burchmore: I asked with respect to forest products. What is the volume of staves which moves during the year, two or three carloads?

Mr. Beland: Yes, sir.

Examiner Burchmore: You did not have as many as that last year, did you?

Mr. Beland: I don't remember.

Examiner Burchmore: Will you furnish for the information of the Commission a statement for the year ending June 30, 1910, showing the total tonnage of logs handled for the account of the Cotton Belt Lumber Company, showing separately the total amount of merchandise or other traffic handled for the same company, showing also separately the total traffic handled for persons or firms in whom the Cotton Belt Lumber Company has no interest? You may subdivide the latter figure in any manner you choose, to show the total of staves and cotton, if that is desired, and give also the revenue on each class of this traffic. Can you prepare and furnish such a statement to the Commission?

Mr. Beland: Can we furnish that?

Examiner Burchmore: Yes.

Mr. Beland: I could not right here.

2011 Examiner Burchmore: I mean within the next fortnight,

Mr. Beland: I think so.

Examiner Burchmore: We request that such a statement be forwarded to the Commission for filing in this record, and if possible, I would request that copies of all these statements be furnished to counsel for the trunk line with which the company connects and also to Judge Cowan, representing the intervenors.

Mr. Cowan: I make the suggestion, Mr. Examiner, that a formal request embodying what you have just said, be handed to all of the various tap lines who have been examined and who will be examined, and that when such a statement is furnished, that inasmuch as they are very short, as a general proposition, only covering a page or such a matter, that the Commission make an exception of the rule of not copying the exhibits, but let them be copied in the record. The difficulty is to ever find it when you go to look up the record, unless it appears in connection with the testimony.

Examiner Burchmore: It will be impossible to have these statements copied into the record at the point where the transcript of the witnesses' testimony appears, but your request will be noted on the record, and I think the Commission will make 2012

a written request on all the tap lines for such statement.

Mr. Thurmond: Where shall we send those?

Examiner Burchmore: They should be addressed to the secretary of the Interstate Commerce Commission at Washington, and reference should be made to this case. You have no published passenger farse?

Mr. Beland: No.

Examiner Burchmore: Do you file with the Commission any tariffs naming local rates on your line on logs or commodities or classes?

Mr. Beland: Yes, sir.

Examiner Burchmore: Those rates are applicable to interstate movements in the absence of joint through rates?

Mr. Beland: I think it only applies on lumber.

Examiner Burchmore: You have not any local class tariff?

Mr. Beland: No, sir.

Examiner Burchmore: Is your company a party to joint through class rates published by the St. Louis Southwestern Railroad, and applying from interstate points to points on your line? 2013 Mr. Beland: Yes, sir.

Examiner Burchmore: What is your division of those joint rates on class freight?

Mr. Beland: One to two and a half cents.

Examiner Burchmore: Is that division adequate?

Mr. Beland: We do not think so.

Examiner Burchmore: What stations are there on your line other than Best?

Mr. Beland: Caney; that is the end of the road.

Examiner Burchmore: What are the joint rates on class freight from Caney to interstate destinations; that is to say, are they the same as the local rates published by the St. Louis Southwestern from its station at Best, or are they higher than those rates?

Mr. Beland: The same.

Examiner Burchmore: I refer now to rates on class freight, mer-

Mr. Beland: We have no through rates at all.

Examiner Burchmore: You have no joint rates on merchandise or class freight?

Mr. Beland: No.

Examiner Burchmore: You just said you did have, as I 2014 understood you?

Mr. Beland: Only on lumber, carloads.

Examiner Burchmore: You have no joint rates on anything except lumber or logs?

Mr. Beland: No.

Examiner Burchmore: How do you move these shipments of staves that you have; are they shipped locally to Best?

Mr. Beland: Locally to Best. We charge the Arkansas distance

tariff.

Examiner Burchmore: They are never billed to St. Louis or from St. Louis?

Mr. Beland: No.

Examiner Burchmore: You sometimes have movements of merchandise, do you not, over your line from Best to Caney which have originated at St. Louis or some other interstate point, and which are tendered to you at Best by the St. Louis Southwestern agent?

Mr. Beland: All stuff that has been shipped over our road has been billed to Best and rebilled from Best over our road, charging

the local rate, the Court tariff.

Examiner Burchmore: It may be rebilled at Best, but as a matter of fact, who gives you the goods, the agent of the St. 2015 Louis Southwestern Railroad?

Mr. Beland: The party to whom it is consigned.

Examiner Burchmore: Nothing is handled, then, from interstate points to points on your line under a through arrangement without the intervention of the shipper's hand at Best?

Mr. Beland: That is right.

Examiner Burchmore: With respect to lumber, have you any joint through rates on forest products from Caney to interstate destinations in connection with the St. Louis Southwestern Railroad?

Mr. Beland: Not from Caney.

Examiner Burchmore: Then you have no joint through rates from Caney of any kind?

Mr. Beland: Unless it would be from the lumber. As I under-

stand, that is a milling in transit proposition.

Examiner Burchmore: That is what I am trying to get at. Have you any joint through rates on lumber or forest products from Caney to destination?

Mr. Beland: This division or proportion we are getting, I do not know whether that applies from Canev or Best.

Examiner Burchmore: Have you a milling in transit arrangement on your line?

2016 Mr. Beland: Yes, sir, we suppose that proportion is a milling in transit.

Examiner Burchmore: Can you have milling in transit without having a joint rate into that place?

Mr. Walter: Is not that tariff on file, and would not that be the

best answer?

Examiner Burchmore: Judge Cowan and the other gentlemen have not access to it, and we want to get it in the record. Are you informed as to it, Mr. Walter?

Mr. Walter: Not as to that particular tariff.

Examiner Burchmore: I think it is of some importance as to whether they apply from Caney or only apply from Best. Have you the tariff with you?

Mr. Beland: No, I have not.

Mr. Walter: The Cotton Belt tariff, as I understand, provides for milling in transit from this point of origin, and the shipping point at Best.

Examiner Burchmore: Do the rates on the Cotton Belt apply in

any case from Caney?

Mr. Walter: It applies on any logs originating on that line,

converted into lumber at Best, from any point.

Examiner Burchmore: I presume that is correct, but that 2017 statement may be verified by a reference to the tariffs on file with the Commission.

Mr. Walter: Yes.

Examiner Burchmore: What is the amount of the divisions which this company receives on lumber handled on joint rates with the St. Louis Southwestern Railway?

Mr. Beland: One to two and one-half cents.

Examiner Burchmore: Is two and a half cents the highest division you have ever received on lumber?

Mr. Beland: Yes, sir.

Examiner Burchmore: How long have you been receiving as

much as two and a half cents per hundred pounds?

Mr. Beland: I wish to state that at one time we did receive three cents on shipments to Texas local points: that is, on the Cotton Belt Railroad.

Examiner Burchmore: I thought so. When was that three cent

division withdrawn or reduced?

Mr. Beland: I think something like a year ago; I am not sure. Examiner Burchmore: Was there not a time when you received four cents on certain traffic?

Mr. Beland: No, sir, not that I know of.

2018 Examiner Burchmore: You would know if you had received such division?

Mr. Beland: I think so.

Examiner Burchmore: You receive a division of from one to two and a half cents at the present time, and formerly you received as much as three cents on certain traffic. What service do you render for that division?

Mr. Beland: The hauling of the logs from the woods to Caney; you might say delivering the logs to the mill.

Examiner Burchmore: And that is all?

(No response.)

Examiner Burchmore: As to your method of handling logs, and lumber, reference has been made to some private spur tracks or tram lines belonging to the Cotton Belt Lumber Company up in the woods. Who owns the steel rail in those tracks?

Mr. Beland: The lumber company.

Examiner Burchmore: Did they purchase that rail from this

lumber company?

Mr. Beland: No, sir. They reserved the rail. What rail was bought for the lumber company was charged to the lumber company and paid for by them.

2019 Examiner Burchmore: But all the rail was bought at one

time?

Mr. Beland: Not all of it. It was bought from time to time.

Examiner Burchmore: And was the price paid by the lumber company for its rail the same as the price paid by the railroad company for its rail?

Mr. Beland: Different markets-

Examiner Burchmore: When purchased at the same time?

Mr. Beland: There was never any bought at the same time for

both companies.

Examiner Burchmore: How did they reserve certain of the rail for the lumber company? Did the purchasing agent of the lumber company do the purchasing for the railroad company?

Mr. Beland: Yes, sir.

Examiner Burchmore: Does the lumber company get a commission on all those purchases?

Mr. Beland: No, sir.

Examiner Burchmore: They charge them over to the railroad company at cost?

Mr. Beland: Yes, sir.

Examiner Burchmore: The history of those transactions is 2020 all shown in the books of the lumber company as well as the railroad company?

Mr. Beland: Yes, sir, all in the lumber company, they are. We

have purchased no rail for three or four years.

Examiner Burchmore: Does the lumber company own any locomotives?

Mr. Beland: No.

Examiner Burchmore: It leases two locomotives from the railroad company?

Mr. Beland: Yes, sir.

Examiner Burchmore: What is the compensation paid for those locomotives?

Mr. Beland: The railroad company owns all of the locomotives. They are not leased by the lumber company. If I said that I was mistaken.

Examiner Burchmore: You said they owned three locomotives.

Mr. Beland: The railroad company.

Examiner Burchmore: You said they only had one train crew.

Mr. Beland: Yes, sir.

Examiner Burchmore: How do they operate three with one train crew?

Mr. Beland: The locomotive is owned by the railroad, and 2021 the train crews on two of the locomotives are the lumber com-

pany's employees.

Examiner Burchmore: If the lumber company hires the train crew and the locomotives that those crews operate are the property of the railroad company, there must be some arrangement between the two as to those locomotives. Now what is it?

Mr. Beland: Well, there is an agreement of some kind. I think a

copy of that is filed with the Commission.

Examiner Burchmore: I do not seem to find a copy of it in our files here this morning. What is the compensation that the railroad company receives for the use of its property? Is it a charge on the logs or a payment from it?

Mr. Beland: It is a small charge on the logs,

Examiner Burchmore: Then that compensation takes the form of a charge on the logs, and not a charge per day for the use of the locomotives?

Mr. Beland: Yes, sir.

Examiner Burchmore: Who furnishes the fuel that those locomotives burn?

Mr. Beland: The lumber company furnishes the fuel for the switch engine, and the railroad company furnishes the fuel on the main line.

2022 Examiner Burchmore: For two locomotives?

Mr. Beland: One on the main line and two in the woods; those two in the woods are not always in operation.

Examiner Burchmore: When in operation they burn wood furnished by the lumber company?

Mr. Beland: Yes, sir.

Examiner Burchmore: And the one on the main line burns fuel furnished by the railroad company?

Mr. Beland: Yes, sir.

Examiner Burchmore: I assume the logs are loaded on the cars by lumber company employees in the woods?

Mr. Beland: Yes, sir.

Examiner Burchmore: The crew employed by the lumber company takes those cars from the place where they are loaded down to the connection of the main line of the railroad?

Mr. Beland: Yes, sir.

Examiner Burchmore: What charge passes from the lumber company to the railroad company in connection with that much of the service, any charge?

Mr. Beland: Ten and one-half cents a ton.

Examiner Burchmore: Does that cover the logs up to the main fine or all the way to the mill?

2023 Mr. Beland: That is the entire charge.

Examiner Burchmore: All the way to the mill?

Mr. Beland: Yes, sir.

Examiner Burchmore: Then the locomotive operated by the rail-

road company takes the logs on the logging cars from the point where they are loaded, from a point adjacent to the main line, and takes them to the mill?

Mr. Beland: Yes, sir.

Examiner Burchmore: And the entire charge received by the railroad company from the lumber company on the logs moving into the mill is ten and one-half cents a ton?

Mr. Beland: Yes, sir.

Examiner Burchmore: Is that on actual weight or estimated weight basis?

Mr. Beland: Estimated.

Examiner Burchmore: What is that estimate?

Mr. Beland: I think it is 8,000 pounds per thousand feet of logs. Examiner Burchmore: What is the compensation paid for a logging car?

Mr. Beland: I could not tell.

Examiner Burchmore: Who unloads the logs at the mill?

2024 Mr. Beland: The train crew.

Examiner Burchmore: Does the railroad company receive any additional compensation for the labor of the train crew in unloading the logs at the mill?

Mr. Beland: None.

Examiner Burchmore: Now, we have disposed of the question of logs into the mill. Now take up lumber moving out of the mill. Who furnishes the empty cars for lumber movements?

Mr. Beland: The Cotton Belt Railroad.

Examiner Burchmore: Who places those empty cars at the mill?

Mr. Beland: The logging road does, and sometimes the railroad,
the trunk line; principally by the trunk line.

Examiner Burchmore: Now the mill is served by a private side track or other side track directly connected with the St. Louis Southwestern, is it not?

Mr. Beland: Yes, sir.

Examiner Burchmore: That side track from the mill to the St. Louis Southwestern was laid by the latter corporation, was it not?

Mr. Beland: Yes, sir.

Examiner Burchmore: Is there any contract or form of side track agreement in existence between the lumber company and the St. Louis Southwestern covering that side track?

Mr. Beland: No. Examiner Burchmore: When was the side track put in?

Mr. Beland: Twenty-six years ago, I guess. It has been changed from time to time.

Examiner Burchmore: Well, it was originally put in under a side track agreement, was it not?

Mr. Beland: It was.

Examiner Burchmore: And partly paid for by the railroad company?

Mr. Beland: I think they furnished the rails only.

Examiner Burchmore: That was under this usual refund arrangement of \$2.00 a car, or something of that kind?

Mr. Beland: No, we never received any such refund.

Examiner Burchmore: Is it not a fact that under that original private side track agreement with the St. Louis Southwestern Railroad Company, the title to the land on which that side track was laid is now invested in the St. Louis Southwestern Railroad Company?

Mr. Beland: The lumber company's loading platform is on its own line, but the rails in the side track are on the Cotton Belt

Railroad. 2026

Examiner Burchmore: How often does it happen as a matter of fact that the locomotive of the Bearden & Quachita River Railroad actually hauls the empty car up to this loading track? Is it not very unusual?

Mr. Beland: Not very.

Examiner Burchmore: Well once a week.

Mr. Beland: I presume so.

Examiner Burchmore: And they only place one or two cars at a time for loading?

Mr. Beland: Whatever might be there to load that they can han-

dle.

Examiner Burchmore: When the car has been loaded with lumber it is moved over to the St. Louis Southwestern Railroad's main line by the locomotive of the St. Louis Southwestern or the locomotive of this railroad in the same way that the empty car is moved?

Mr. Beland: No. sir.

Examiner Burchmore: How is it handled?

Mr. Beland: It is handled direct by the St. Louis Southwestern.

They go in on the side track and pull that car out.

Examiner Burchmore: Is there any bill of lading or way 2027 bill issued to cover the movement of the logs from the woods into the mill?

Mr. Beland: No, sir.

Examiner Burchmore: I presume that the conductor of your logging train makes a report to the mill superintendent upon his arrival as to the quantity of logs he has brought in?

Mr. Beland: Yes, sir.

Examiner Burchmore: Is that report made on a piece of paper or

printed form?

Mr. Beland: He copies it on his time book. He keeps the train crew's time; he keeps a record of the cars he pulls in each day on that book, and as he turns in his time, he turns that in.

Examiner Burchmore: When the lumber is shipped out to interstate destinations who issues the bill of lading covering that car?

Mr. Beland: Our man.

Examiner Burchmore: Your agent?

Mr. Beland: Yes, sir.

Examiner Burchmore: He executes that bill of lading?

Mr. Beland: Yes, sir.

Examiner Burchmore: What is the point of origin as shown on that bill of lading?

Mr. Beland: Best.

Examiner Burchmore: Best, meaning the station of that name on the Bearden & Ouachita River Railroad?

Mr. Beland: Yes.

Examiner Burchmore: And not the station by that name on the St. Louis Southwestern. Does your agent also issue a through way bill?

Mr. Beland: I think he does.

Examiner Burchmore: Are you sure about that?

Mr. Beland: No, I am not.

Examiner Burchmore: Is it not a fact that it is only in rare instances that he does issue such a through way bill?

Mr. Beland: I feel quite sure that he issues the way bill.

Examiner Burchmore: And that way bill, when issued, corresponds to the bill of lading?

Mr. Beland: Yes, sir.

Examiner Burchmore: Are the divisions shown on the face of that way bill?

Mr. Beland: No, sir.

Examiner Burchmore: Your settlement with the St. Louis Southwestern Railroad is a monthly interline settlement?

2029 Mr. Beland: Yes, sir.

Examiner Burchmore: How does this railroad company make its collections from the Cotton Belt Lumber Company for the services rendered? Monthly?

Mr. Beland: I think it is charged monthly.

Examiner Burchmore: Is that a bookkeeping settlement or an actual check or cash settlement?

Mr. Beland: Bookkeeping.

Examiner Burchmore: Is the cash of the two companies mingled?

Mr. Beland: No.

Examiner Burchmore: The railroad has a separate bank account?

Mr. Beland: It has.

Examiner Burchmore: Well, is there any cash in that bank account other than the small amounts received from foreign shippers? You do not carry in that bank account any cash from checks received from the lumber company, do you.

Mr. Beland: Whatever source we receive any cash from, it is

credited to this railroad account and is carried in the bank.

Examiner Burchmore: As a matter of fact, do you receive any cash or any considerable amount of cash from the Cotton Belt Lumber Company which you could deposit in the bank?

Are not these payments all bookkeeping payments?

Mr. Beland: If the railroad company has anything due from the Cotton Belt Lumber Company it is paid by the Cotton Belt Lumber Company with a check, but no actual cash is handled.

Examiner Burchmore. But as a matter of fact the lumber company issues very few checks to the rallroad company?

Mr. Beland: Very few.

Examiner Burchmore: Those checks are not of large amount?

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Mr. Beland: No.

Examiner Burchmore: Does this railroad company have any bonds?

Mr. Beland: No, sir.

Examiner Burchmore: Has it any indebtedness aside from current liabilities?

Mr. Beland: No, sir.

Examiner Burchmore: Its total capital stock is \$20,000?

Mr. Beland: Yes, sir.

Examiner Burchmore: It constructed 14 miles of railroad and bought all the equipment with a capitalization of \$28,000?

Mr. Beland: There has never been any dividends de-2031 clared and what profits have been made have been spent in the betterment of the road or equipment.

Examiner Burchmore: There have never been any dividends?

Mr. Beland: No.

Examiner Burchmore: The net revenues are all put into additions and betterments?

Mr. Beland: And improvements.

Examiner Burchmore: Have you any surplus at the present time?

Mr. Beland: I think about \$3,000.

Examiner Burchmore: And it is proposed to devote that to additions and betterments?

Mr. Beland: I do not know yet.

Examiner Burchmore: You have not contemplated a cash dividend, have you?

Mr. Beland: It is possible.

Examiner Burchmore: Are the accounts of the railroad company kept in the manner prescribed by the Interstate Commerce Commission?

Mr. Beland: .Yes.

Examiner Burchmore: Who keeps those accounts?

Mr. Beland: The secretary.

2032 Examiner Burchmore: You are the secretary?

Mr. Beland: No, sir.

Examiner Burchmore: Do you file annual reports with the Interstate Commerce Commission?

Mr. Beland: Yes, sir.

Examiner Burchmore: When did you file your first annual report?

Mr. Beland: The first annual report?

Examiner Burchmore: Yes.

Mr. Beland: Two or three years ago.

Examiner Burchmore: What is the valuation of this road, including equipment?

Mr. Beland: I suppose it is worth \$35,000. Examiner Burchmore: Including equipment?

Mr. Beland: Yes, sir.

Examiner Burchmore: Then if your capital stock is \$28,000 and the total value of the road with equipment is \$35,000, do we under-

stand you have only paid the difference, or \$7,000 into additions and betterments out of your net profits?

Mr. Beland: Yes, sir.

Examiner Burchmore: Do the officers of this railroad company hold any free interstate passes from other railroad companies, as officers?

Mr. Beland: I do.

Examiner Burchmore: Does any other officer hold such transportation?

Mr. Beland: No, sir.

Examiner Burchmore: How many annual passes have you; one on the Cotton Belt?

Mr. Beland: One on the Cotton Belt and one on the Burlington.

Examiner Burchmore: Is that all?

Mr. Beland: That is all that I remember. There may be two or three logging roads or tap lines.

Examiner Burchmore: Do you actually use those passes?

Mr. Beland: Occasionally.

Examiner Burchmore: Well, you never pay fares, do you, when traveling on those railroads?

Mr. Beland: No, sir, not when I have the free transportation.

Examiner Burchmore: And you do not forget to take your pass with you?

Mr. Beland: I try not to.

Examiner Burchmore: Mr. Walter, have you any questions?

Mr. Walter: The operation of the railroad is entirely separate and distinct from the lumber company, is it?

Mr. Beland: Yes, sir.

Mr. Walter: Those cars, with the exception of the caboose and with the exception of the locomotive, are all standard logging cars, eight wheels?

Mr. Beland: Yes, sir.

Mr. Walter: And are not required by the Safety Appliance Law to be equipped?

Mr. Beland: We understand not.

Mr. Walter: About how many people live within the territory that is reached by your line who would use your railroad if they used any?

Mr. Beland: I suppose there are four or five hundred people.
Mr. Walter: All the supplies they receive that are carried over a railroad, go over your line?

Mr. Beland: No, sir.

Mr. Walter: How do they get them out there?

Mr. Beland: Well, some of them trade at Hampton and wagon the stuff to their homes,

Mr. Walter: Anything that goes out over the railroad goes out over your line?

Mr. Beland: What?

Mr. Walter: Anything that goes out to the immediate territory served by your line is handled by your railroad?

Mr. Beland: It is.

Mr. Walter: And all the products of the farm that they ship out over a railroad go over your line?

Mr. Beland: We move very little stuff of that nature.

Mr. Walter: The cotton and cotton seed that is shipped by them delivered to you at Caney on your line, is carried by you in?

Mr. Beland: We handle a few cars.

Mr. Walter: You do not turn down any?

Mr. Beland: No.

Mr. Walter: You handle it for anybody that brings it to you?

Mr. Beland: Yes, sir.

Mr. Walter. You have a joint rate only on forest products?

Mr. Beland: That is all.

Mr. Walter: You have your local class rates on classes that are carried?

Mr. Beland: Yes, sir.

Mr. Walter: That one and one-half cents you speak of is 2036 the division on lumber; it is not the class rate?

Mr. Beland: Lumber only.
Mr. Walter: You charge the local rate on everything else?

Mr. Beland: Yes, sir.

Mr. Walter: As a matter of fact, there are some staves or stave bolts hauled by you?

Mr. Beland: Yes, sir.

Mr. Walter: On all freight handled by you there is a tariff charge?

Mr. Beland: Yes, sir.

Examiner Burchmore: That tariff of local charges is not filed with the Interstate Commerce Commission, I understood you to say.

Mr. Walter: Do you know whether or not the so-called Court tariff of the Arkansas Commission is on file with the Interstate Commerce Commission?

Mr. Beland: I could not say as to that,

Mr. Walter: As a matter of fact, I understand it is on file with the Commission.

Examiner Burchmore: Has it been adopted by this company?

Mr. Beland: We use the Arkansas Court tariff.

2037 Mr. Walter: Has that been adopted by your company? Mr. Beland: Yes. sir.

Mr. Walter: As I understand it, the railroad company, the Bearden & Ouachita River, hauls all the logs from Caney to the mill?

Mr. Beland: Yes, sir.

Mr. Walter: The lumber company only collects those logs in the woods and assembles them at Caney?

Mr. Beland: Out on the spurs from Caney.

Mr. Walter: And the railroad takes those intrain loads down to the mill?

Mr. Beland: Yes, sir.

Mr. Walter: And takes the empties back to these various spurs?

Mr. Beland: Yes, sir.

Mr. Walter: Do you make reports to the Arkansas Commission; have you had occasion to be requested to make reports without having made them?

Mr. Beland: We answer everything they ask for.

Mr. Walter: You comply with the regulations of the Commission so far as you understand them to apply to your road?

Mr. Beland: Yes, sir.

2038 Mr. Walter: As to the transactions between you and the lumber company, the same methods of taking care of that is had as if it was any other concern?

Mr. Beland: Yes, sir.

Mr. Walter: The fact that there happens to be joint interests or people interested both in the lumber company and railroad company does not affect the manner in which you take care of your railroad business?

Mr. Beland: No.

Mr. Walter: That is all.

Examiner Burchmore: Judge Cowan, have you any questions?

Mr. Cowan: Nothing.

Mr. Walter: This same witness is also in the Thornton & Alexandria.

Examiner Burchmore: Just one more question. The Commission has a report rendered in the summer of 1909 by one of its accounting examiners who went over your property and the accounts of your company. Now, assuming that that report correctly describes the methods and practices of your railroad as they were at that date, has there been any subsequent change of a substantial nature in your methods and practices of conducting transportation that

would render such a report inaccurate at the present time, as describing your present situation?

Mr. Beland: Not that I know of.

Examiner Burchmore: You do business in about the same manner you did at that time?

Mr. Beland: Yes, sir.

Examiner Burchmore: Of course any little details of unimportant matters may have changed?

Mr. Beland: Yes, sir.

Examiner Burchmore: I merely asked the question to know whether our report is obsolete or in the main accurate. This witness it is understood also wishes to testify in the Thornton & Alexandria Railway. That railway is the last one listed as a Cotton Belt System connection. Is there any objection on the part of the other Cotton Belt System connections to taking up that railroad at this time?

Mr. Riddell: I agreed with Mr. Stocking, who left here, to represent one of those roads, and we would not like to waive any rights we have.

Examiner Burchmore: What road is that? Mr. Riddell: The Saline River Railroad.

Examiner Burchmore: Do you object to this company be-2040 ing heard at this time instead of immeditely after your company?

Mr. Riddell: We would like to get ourselves before the Com-

mission as soon as possible.

Examiner Burchmore: It would simply mean a postponement of half an hour, or so.

Mr. Riddell: All right.

Mr. Greer: In what manner are you going to take those up, in

alphabetical order?

Examiner Burchmore: As announced by the Commissioner two or three days ago, we are taking up in alphabetical order, or substantially in alphabetical order, the connections of these system. and we are now dealing with roads that are connected with the Cotton Belt.

Mr. Greer: Regardless of states? Examiner Burchmore: Yes.

Mr. Greer: There are a good many in Texas on the Cotton Belt that are earlier than that.

Examiner Burchmore: The Angeline & Neches River Railroad

2041

Angelina & Neches River Railroad

ELI WIENER, was called as a witness, and having been duly sworn. testified as follows:

Examiner Burchmore: Are you an officer of the Angelina & Neches River Railroad?

Mr. Weiner: I am secretary and treasurer and auditor.

Examiner Burchmore: Are you also an officer of the Angelina County Lumber Company?

Mr. Wiener: Secretary and treasurer.

Examiner Burchmore: I understand that the Angelina & Neches River Railroad is controlled by the Angelina County Lumber Com-

pany through the ownership of the entire capital stock?

Mr. Weiner: The stockholders of the Angelina County Lumber Company own the stock of the Angelina & Neches River Railroad in substantially the same proportion, about ninety-five per cent of the stockholders of the lumber company own about ninety-eight per cent of the stock of the railroad company.

Examiner Burchmore: And five per cent in the case of one company and two per cent in the other is in the hands of the

2042 directors?

Mr. Wiener: In the lumber company it is not; in the railroad company it is.

Examiner Burchmore: Who are these stockkholders, the five per

cent, in the lumber company?

Mr. Wiener: One of them is a son of the president of the company and the other one is a sister of mine.

Examiner Burchmore: Then they are in the family, the principal ones?

Mr. Wiener: Yes, sir; as I say, the ownership is substantially the same.

Examiner Burchmore: The Angelina County Lumber Company

has but one saw mill?

Mr. Wiener: But one.

Examiner Burchmore: A planing mill in connection therewith.

Mr. Wiener: A planing mill in connection therewith.

Examiner Burchmore: I understand that this railroad connects with the Houston East and West Texas at Prosser, Texas?

Mr. Wiener: That is correct.

Examiner Burchmore: And with the St. Louis, Southwestern Railway of Texas at Keltys, Texas?

2043 Mr. Wiener: That is correct.

Examiner Burchmore: Are those the two terminii of the line?

Mr. Wiener: No, the present terminus of the railroad is Naclina, which is in Nacogdoches County, 19.98 miles from Keltys.

Examiner Burchmore: And 19.89 miles is the total main line mileage of the road?

Mr. Wiener: Is the total main mileage of the road.

Examiner Burchmore: It also has about one mile of side tracks. Mr. Wiener: It has, on June 30, 1910, 2.43 miles I think is the exact figure. Just one second, I will give them to you exact. (Witness refers to papers.) 2.43 miles.

Examiner Burchmore: Now, the mill of the Angelina County Lumber Company is located at the junction with the Cotton Belt

system?

Mr. Wiener: Located at Keltys, yes, sir.

Examiner Burchmore: And it joins the right of way of that company as well as being on the line of the rails of the Angelina?

Mr. Wiener: The saw mill is situated some little distance from the Cotton Belt right of way. The planing mill is off the right of way, but very close to it.

Examiner Burchmore: Most of the lumber from that mill is shipped out of the planing mill?

Mr. Wiener: The majority of it is, yes, sir.

Examiner Burchmore: The loading platform near this planing mill is reached by the private side track directly connecting with the Cotton Belt, is it not?

Mr. Wiener: The Cotton Belt has connection with that side track. Examiner Burchmore: It can reach that side track without actually moving over the rails of the Angelina & Neches River Railroad?

Mr. Wiener: It can; yes, sir.

Examiner Burchmore: And does?

Mr. Wiener: It does in some instances.

Examiner Burchmore: The distance from this mill plant to the junction with the Houston East & West Texas is about three miles?

Mr. Wiener: Approximately; three miles.

Examiner Burchmore: Does any considerable volume of lumber move out over the Houston East & West Texas?

2045 Mr. Wiener: During this year there has been a considerable volume, according to car supply. There have been some months when the volume has been fairly heavy, and for the last month or two the Southern Pacific system seem to have been short of empty cars and the tonnage has not been so heavy that way.

Examiner Burchmore: Are there any other saw mill operations

on this line of railroad?

Mr. Wiener: None.

Examiner Burchmore: What is the character of the country

through which it runs, is it a timber country?

Mr. Wiener: The twenty miles of road is through a section from which the larger portion of the pine timber has been cut in the past.

Examiner Burchmore: Was that land formerly owned by this

lumber company?

Mr. Wiener: Some portions of it, a very small percentage of the

entire twenty miles.

Examiner Burchmore: But this lumber company had the timber

rights on most of that land, did it not?

Mr. Wiener: On the greater portion of it; yes; on a good deal of it, there have been some portions of it that have been 2046 cut by other mills, but nearly all has been cut by this lumber company, and there is a good deal of it in cultivation now.

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Examiner Burchmore: When was the mill at Keltys opened for

operation?

Mr. Wiener: I have been there since 1890; I think the mill was built early in the 80's, I do not know exactly, it was before my time.

Examiner Burchmore: When was this railroad first begun?

Mr. Wiener: That I cannot say. The Angelina & Neches River
Railroad dates to 1900.

Examiner Burchmore: What was the date of the incorporation of this company?

Mr. Wiener: In August, 1900.

Examiner Burchmore: There had been a railroad there previous to that time?

Mr. Wiener: Yes, there was a railroad there previous to that time.

Examiner Burchmore: That railroad was originally built, was it not, in order to haul logs to this saw mill in the beginning?

Mr. Wiener: Yes, sir; it was originally built as a logging

2047 railroad.

Examiner Burchmore: And what was the length of the line in 1900?

Mr. Wiener: Approximately ten miles.

Examiner Burchmore: Then it ran from Keltys, crossing the Houston East & West Texas and on into some woods?

Mr. Wiener: Well, it ran to—I do not know whether the Texas & New Orleans was there at the time it ran to the point where the

Texas & New Orleans now is; I do not know whether the Texas & New Orleans was built there or not.

Examiner Burchmore: This railroad crosses or joins the Texas

& New Orleans?

Mr. Wiener: Crosses the T. & N. O. approximately nine miles from Keltys.

Examiner Burchmore: What is the name of that junction?

Mr. Wiener: McCov.

Examiner Burchmore: Do you interchange any lumber traffic with the T. & N. O.?

Mr. Wiener: We do not.

Examiner Burchmore: Then that is merely a crossing and not an

interchange point?

Mr. Wiener: The T. & N. O., and the H. E. & W. T. inter-2048 ests are practically identical, and for that reason we have enver interchanged with them.

Examiner Burchmore: No particular object in interchanging

with them?

Mr. Wiener: They reach the same territory that we can reach by the T. & N. O.

Examiner Burchmore: It simply involves a longer haul without opening up any new territory or giving you any better rate?

Mr. Wiener: That is correct.

Examiner Burchmore: When was the present main line approximately twenty miles completed?

Mr. Wiener: Completed some time this year, in 1910.

Examiner Burchmore: This railroad company was incorporated in 1900. Were the articles of incorporation entered into in accordance with the state laws governing the incorporation of railroad companies?

Mr. Wiener: General railroad law of Texas.

Examiner Burchmore: Then this is incorporated as a common carrier railroad?

Mr. Wiener: It is incorporated as a common carrier railroad.

Examiner Burchmore: Has it held itself out in that capacity to the public from the beginning?

Mr. Wiener: It did.

Examiner Burchmore: When did it first begin to receive divisions out of joint through rates on lumber?

Mr. Wiener: I think at the time of its incorporation or very shortly thereafter. I don't remember exactly, it is a long time ago. Examiner Burchmore: Were those divisions substantially the

same as the present divisions it receives?

Mr. Wiener: I think they are identically the same via the Cotton Belt as they are today. I do not think there have been any changes. Examiner Burchmore: Did you receive any divisions at that time from the Houston East & West Texas.

Mr. Wiener: We did not.

Examiner Burchmore: When were the Houston East & West Texas Divisions established?

Mr. Wiener: Some years ago, I don't remember.

Examiner Burchmore: Was it in 1905?

Mr. Wiener: Oh, long about 1895 or 1896. I don't remember the exact date.

2050 Examiner Burchmore: What was the total capital stock of this road when incorporated?

Mr. Wiener: Authorized \$75,000; issued \$55,000.

Examiner Burchmore: Has there been any issuance of capital stock since the organization?

Mr. Wiener: There has not.

Examiner Burchmore: So that the present outstanding stock holdings aggregate \$55,000?

Mr. Wiener: That is correct.

Examiner Burchmore: Now was that \$55,000 of stock issued for cash?

Mr. Wiener: There was no actual exchange of cash. We considered it a cash transaction. It was a bookkeeping transaction in fact.

Examiner Burchmore: Did not that amount as a matter of fact to a dividend on the stock of the lumber company stockholders, in substance?

Mr. Wiener: In substance it did. It was handled as a payment

and repaid to the lumber company for the railroad.

Examiner Burchmore: The stockholders of the lumber company received shares of stock in the lumber company for which they did not actually pay in any cash?

Mr. Wiener: Well it came—they had a surplus there to

2051 their credit with the lumber company and it was handled

through the books of the lumber company.

Examiner Burchmore: Then the financing of this road was somewhat similar to that of a number of others which we have already examined?

Mr. Wiener: I presume so.

Examiner Burchmore: The president of the lumber company and the president of the railroad company are the same person?

Mr. Wiener: They are.

Examiner Burchmore: The same is true of the vice-president?

Mr. Wiener: That is true.

Examiner Burchmore: And the general manager?

Mr. Wiener: The vice-president and general manager are the same; one person in each instance.

Examiner Burchmore: The secretary and treasurer of each company is the same?

Mr. Wiener: That is correct.

Examiner Burchmore: And the auditor of the railroad company is the auditor of the lumber company?

Mr. Wiener: No, we have no auditor for the lumber company, but the secretary and treasurer and auditor of the rail-2052 road company is secretary and treasurer of the lumber company.

Examiner Burchmore: Has either company any additional officers?

Mr. Wiener: The general attorney is all.

Examiner Burchmore: Well, the general attorney is not paid an annual salary, is he, by either company?

Mr. Wiener: He is paid an annual salary, yes.

Exminer Burchmore: Which of these officers of the railroad company receives salaries from that company?

Mr. Wiener: All of them.

Examiner Burchmore: What are those salaries?

Mr. Wiener: Fifty dollars a month each, the president, vice-president, general manager, and secretary-treasurer.

Examiner Burchmore: Do they all render the same service to the

railroad company?

Mr. Wiener: That is supposed to be approximately for the proportion of their time that is taken. The time for the last six months or so in some instances, the railroad company has got more than its share of their time, but it is supposed to average the time they employ for the railroad company.

2053 Examiner Burchmore: Those salaries are not excessive for

the services rendered, however?

Mr. Wiener: I do not think so.

Examiner Burchmore: As a matter of fact the services rendered by the president are almost nominal, are they not?

Mr. Wiener: Why, nominal; he is present at conferences and discussions of railway policy and things of that kind, but the actual work that he does is very nominal.

Examiner Burchmore: Do the stockholders of the lumber com-

pany actually convene in annual meetings?

Mr. Wiener: Yes, sir; we are all right there, in daily meeting you might say; we all live right there, or the majority of us.

Examiner Burchmore: This is a standard gauge line?

Mr. Wiener: It is.

Examiner Burchmore: What is the weight of the rail?

Mr. Wiener: Principally 35 pounds; there is a very little 30 pound and some 40 pound, but it is principally 35 pound rail.

Examiner Burchmore: Is it ballasted?

Mr. Wiener: Just in natural dirt ballast, well surfaced Examiner Burchmore: Any cuts and fills on the line? Mr. Wiener: Yes, a good many.

Examiner Burchmore: Does this road run uphill and down dale

or is the country level?

Mr. Wiener: To a certain extent it is level. The first few miles built before its incorporation there was not so much of that work done, but in the last eight or ten months we have changed some of the old cuts and fills and spent \$5,600.

Examiner Burchmore: Do you cross any streams? Mr. Wiener: Yes, quite a number of them.

Examiner Burchmore: The bridges are substantial?

Mr. Wiener: We have one bridge approximately 2,000 feet which is the best bridge crossing the river. There are four, the H. E. & W. T., and the T. & N. O., and ours, and we have as good a bridge as any one.

Examiner Burchmore: The road is constructed in substantially the same way that the main or branch lines of the longer carriers in Texas are constructed?

Mr. Wiener: Yes, sir, it is. There may be some differences, some of them may have a bigger percentage of grading and some less, but

the general character, there are no rock ballasted roads through there, and they are all about the same manner of construction.

Examiner Burchmore: But on the whole the construction of this road is good?

Mr. Wiener: Yes, sir; we so consider it.

Examiner Burchmore: Have you any station buildings?

Mr. Wiener: Not completed except a freight warehouse at Keltys Examiner Burchmore: That is a small warehouse?

Mr. Wener: That is a small warehouse for handling freight, Examiner Burchmore: That warehouse as a matter of fact is in a building owned by the lumber company, is it not?

Mr. Wiener: Well, it is a building built on the right of way of

the railroad company and belongs to it.

Examiner Burchmore: What do you store in that warehouse? Mr. Wiener: We store any outbound freight that may be tendered the railroad company, and if the railroad company has anything they store in it; they store different materials in it at different times.

Examiner Burchmore: As a matter of fact there is not very much

freight stored in that, is there?

Mr. Wiener: If there is a shipment of freight to go out it 2056 is usually taken down in the evening to that warehouse and loaded on the train next morning.

Examiner Burchmore: Do you use the station buildings of the Houston East & West Texas or the Cotton Belt system for any purpose?

Mr. Wiener: The Cotton Belt has no station at Keltys. We have up with them now the question of a joint passenger and freight depot at Keltys. They have none there and we have asked them if it would suit them to avoid doubling expense to build a joint station.

Examiner Burchmore: Have you any track scales on the road?

Mr. Wiener: No track scales on the road.

Examiner Burchmore: You have no means of weighing carload freight?

Mr. Wiener: We have no means of weighing carload freight; we take connection weight.

Examiner Burchmore: How many locomotives have you on this road?

Mr. Wiener: One.

Examiner Burchmore: Is that all?

Mr. Wiener: That is all now. There have been some changes since the report of your Special Examiner. Examiner Burchmore: You formerly had four locomotives?

Mr. Wiener: We formerly had four locomotives.

Examiner Burchmore: What became of the other three? Mr. Wiener: We sold them to the lumber company.

Examiner Burchmore: How many cars do you own and operate?
Mr. Wiener: We own now one passenger car and three box cars
and have bought one standard caboose, and have under lease one flat
car.

Examiner Burchmore: When did you purchase that passenger

car?

Mr. Wiener: We made a deal for its purchase some time in the spring or early summer; it was actually delivered to us about. I think, the 1st of October.

Examiner Burchmore: Is that passenger car a regular passenger

car, or is it a freight car with windows cut in it?

Mr. Wiener: It is a regular passenger car. The reason we were delayed, the railroad we bought it from said they could not take it out of their passenger service and they delayed us for two months. It was in the T. & N. O. or the H. & T. C. passenger

Examiner Burchmore: What use is made of that?

Mr. Wiener: It is used in daily operation of a mixed passenger and freight train.

Examiner Burchmore: Have you any other rolling stock beside-

that referred to?

Mr. Wiener: I think of nothing else.
Examiner Burchmore: No motor cars?

Mr. Wiener: No.

Examiner Burchmore: No hand cars?

Mr. Wiener: Yes.

Examiner Burchmore: Are they used by the lumber company at any time?

Mr. Wiener: I think not; not to my knowledge: they are not

supposed to be.

Examiner Burchmore: Is your equipment supplied with the

proper and necessary couplers and air brakes?

Mr. Wiener: The railroad company's equipment is supplied with the equipment prescribed by the Safety Appliance Acts, so far as we know them.

Examiner Burchmore: Mr. Walter, in connection with this last company it was stated, and I neglected to amplify it after 2059 wards, then it was not necessary to equip those logging carwith safely couplers because the Act makes an exception in favor of logging cars. That is not true, however of the locomotive-As I understand it, locomotives must be equipped with airbrakes and couplers, unless they are used solely for the hauling of log car-

containing only logs.

Mr. Walter: That is right.

Examiner Burchmore: And the statements made by the witness for that company indicate that they sometimes haul other kinds of freight in their trains besides logs, so it would appear their locomotive ought to have some safety device.

Mr. Walter: I think as to the locomotive it has driving wheel brakes and proper couplers itself, but so far as the train line is con-

cerned, it has not any.

Examiner Burchmore: The locomotive then is properly equipped?
Mr. Walter: I think it is. I will find out later and let you know.
Examiner Burchmore: I suggest you look into it. It is not necessary to inform us in this record.

Mr. Wiener: I would state that the safety appliance 2060 inspector of the Commission has been over our line at one

time inspecting our equipment.

Examiner Burchmore: And the result of that inspection was not any prosecution for violation of law?

Mr. Wiener: No, so far as his statement to me, I think he found

us satisfactory at that time.

Examiner Burchmore: Are there any private train lines or logging roads connecting with this road not owned or operated by it?

Mr. Wiener: There are logging lines connecting at Naclina.

Examiner Burchmore: Are those lines owned by the railroad

company or by the lumber company?

Mr. Wiener: By the Angelina County Lumber Company. Examiner Burchmore: What is the extent of those lines?

Mr. Wiener: They only have at the present time I think fifteen miles of rail, or possibly more; sometimes it is all down and sometimes only a portion is in operation.

Examiner Burchmore: Who owns the steel?

Mr. Wiener: The Angelina County Lumber Company.

Examiner Burchmore: Did they buy that steel from this railroad company?

Mr. Wiener: No.

2061 Examiner Burchmore: How many section gangs has the Angelina & Neches River Railroad at work?

Mr. Wiener: They have really three. They have been operating under one foreman and a sub-foreman, two gangs, and we call it one, and they have another gang.

Examiner Burchmore: Do they work at any time on the tracks of

the lumber company?

Mr. Wiener: Not to my knowledge. If they do a bill would be rendered against the lumber company for the time they spent on those tracks.

Examiner Burchmore: What would be the basis of the bill?

Mr. Wiener: The cost of the service. However, I have no recollection of any such transaction.

Examiner Burchmore: Has the railroad any station employees?

Mr. Wiener: It has one agent.

Examiner Burchmore: At Kelty's?

Mr. Wiener: At Keltys.

Examiner Burchmore: He is also employed by the lumber company?

Mr. Wiener: He is an employee of the lumber company. In the past his railroad service has been nominal.

2062 Examiner Burchmore: And when he works for the railroad company he does not leave his lumber company desk?

Mr. Wiener: No, the office has been, I will state for your benefit possibly, or for your records, there have been some changes in those

matters lately on account of the increased mileage and so forth, and we are changing those matters considerably.

Examiner Burchmore: You say three of those locomotives formerly owned by the railroad company were sold to the lumber company. What was the payment?

Mr. Wiener: We sold them the three locomotives and all of the logging equipment, at a price based upon cost less depreciation.

Examiner Burchmore: How did you figure depreciation?

Mr. Wiener: Upon the basis of our report to the Interstate Commerce Commission.

Examiner Burchmore: Well, does this railroad now own no logging cars?

Mr. Wiener: It owns no logging cars.

Examiner Burchmore: The lumber company operates its own private spur tracks?

Mr. Wiener: It does.

2063 Examiner Burchmore: They are not operated by the railroad company?

Mr. Wiener: They are not operated by the railroad company.

Examiner Burchmore: Where do they keep the locomotives at night?

Mr. Wiener: They keep them in the woods, the spur locomotives

in the woods.

Examiner Burchmore: Do these locomotives run back and forth over the line of the railroad company?

Mr. Wiener: Sometimes. One of those now hauls logging train-Examiner Burchmore: Do you refer to the locomotive still owned by the railroad company?

Mr. Wiener: No.

Examiner Burchmore: One of the other three?

Mr. Wiener: One of the other three.

Examiner Burchmore: How long has this lumber company been operating its own rails?

Mr. Wiener: It has been operating its own logging spurs always, except a portion of the main line spur, as they call it, and there was one time during the last fiscal year it was discontinued, 2034—when the railroad company operated for the lumber company

a portion of its logging spur.

Examiner Burchmore: About seven miles?

Mr. Wiener: About seven miles.

Examiner Burchmore: When did they discontinue that operation?

Mr. Wiener: With the purchase of that seven miles of the additional track,

Examiner Burchmore: The railroad company purchased the seven miles?

Mr. Wiener: The railroad purchased the seven miles; yes, sir Examiner Burchmore: What did they pay for the seven miles?

Mr. Wiener: They purchased seven and a fraction miles and paid fifty thousand dollars for it.

Examiner Burchmore: Did the road cost but fifty thousand dollars to build, seven miles?

Mr. Wiener: I think it cost considerably more. There is one mile

that represents over eighteen thousand dollars.

Examiner Burchmore: Then the lumber company sold this mile-

age for less than cost?

2065 Mr. Wiener: I think so. We attempted to make an estimate as close as we could and we arrived as near as we could at fifty thousand dollars, but there were several years' upkeep of that track, that improved the track and was not included in that estimate.

Examiner Burchmore: Did the railroad company pay for that seven miles of the track at the time, or did it assume an indebted-

ness to cover the purchase price?

Mr. Wiener: They executed an indebtedness; they did not assume an indebtedness; they executed an indebtedness.

Examiner Burchmore: In the form of bonds or notes?

Mr. Wiener: In the form of a vendor's lien note. Examiner Burchmore: What is the amount of that note?

Mr. Wiener: Fifty thousand dollars.

Examiner Burchmore: Any other indebtedness between the lumber company and the railroad company except current liabilities?

Mr. Wiener: There is a current account; I do not know the exact figures: I think around twenty thousand dollars today that the rail-road company owes the lumber company.

Examiner Burchmore: In addition to the fifty thousand dol-

lars?

2066 Mr. Wiener: In addition to the fifty thousand dollars.
Examiner Burchmore: They have not paid any part of that fifty thousand dollars?

Mr. Wiener: No, it is not due yet.

Examiner Burchmore: It is the intention however to pay that out of net earnings?

Mr. Wiener: Either out of net earnings or bonded indebtedness

or increased capital stock.

Examiner Burchmore: Has the railroad any bonds?

Mr. Wiener: It has not, except that fifty thousand dollars reported as bonded indebtedness.

Examiner Burchmore: Has this railroad any passenger or mail train service?

Mr Wiener: It has.

Examiner Burchmore: Give the particulars of that service and state whether it is under a published schedule.

Mr. Wiener: Yes, sir; we are operating a mixed passenger and freight schedule under a published schedule.

Examiner Burchmore: That only operates between Keltys

Mr. Wiener: There is our published schedule.

(Handing paper.)

2067 (The paper so offered and identified was received in evidence and thereupon marked Angelina & Neches River Rail-

road Exhibit No. 1, Witness Wiener, received in evidence December 15, 1910, and is attached hereto.)

Mr. Wiener: It operates through to the end of the line over the entire mileage, 19.89 miles. We operate one train each way a day. Examiner Burchmore: Does that train make any connection

with the passenger trains of other companies?

Mr. Wiener: It leaves Keltys in the morning about fifteen minutes after the arrival of the Cotton Belt train and returns about ten minutes before the arrival of the Cotton Belt train going in the opposite direction.

Examiner Burchmore: It does not connect with the Houston

East & West Texas trains?

Mr. Wiener: No, it does not.

Examiner Burchmore: Or the Texas & New Orleans train?

Mr. Wiener: It does not.

Examiner Burchmore: In addition to this mixed train do you run any freight train service?

Mr. Wiener: None.

Examiner Burchmore: How many cars are there in this mixed train?

Mr. Wiener: There is a passenger car and we expect to have a caboose in that service as soon as it arrives, and we use whatever freight cars are necessary for the handling of the business.

Examiner Burchmore: And logging cars?

Mr. Wiener: No logging cars.

Examiner Burchmore: How do the logging cars get down to the mill?

Mr. Wiener: At the present time they are operated by the lumber company.

Examiner Burchmore: That is under some form of trackage agreement?

Mr. Wiener: That is under a trackage agreement.

Examiner Burchmore: Then as I understand the logs which are cut up in the woods are loaded on logging cars belonging to the lumber company?

Mr. Wiener: That is correct.

Examiner Burchmore: And hauled by the lumber company engines, operated by its employees, down to the mill?

Mr. Wiener: They are hauled by the lumber company's engines first to the connection with the railroad, and there another lumber company engine operated by the lumber company's employees brings those log cars into Keltys.

Examiner Burchmore: Is there any written agreement covering

this trackage?

Mr. Wiener: There is a written agreement covering this trackage?

Examiner Burchmore: Is it filed with the Commission?

Mr. Wiener: I think not.

Examiner Burchmore: Will you file it in connection with your testimony in this case?

Mr. Wiener: Yes, I will file a copy. You want a copy of our trackage agreement?

Examiner Burchmore: What is the basis of the computation for

that trackage right?

Mr. Wiener: It is based upon 50 cents per thousand feet log scale for the logs handled over the road.

Examiner Burchmore: That I assume amounts to about or cent per hundred pounds on the lumber out?

Mr. Wiener: Fifty cents per thousand feet log scale I expect will amount to a fraction over it.

Examiner Burchmore: About one and one-half cents per

2070 hundred pounds.

Mr. Wiener: It would average one and a half to two cents.

Examiner Burchmore: That has not been paid, though, only for the last few months.

Mr. Wiener: Prior to that time the railroad company brought the logs to the mill.

Examiner Burchmore: From the junction of the small spur

Mr. Wiener: Well, they operated. I should say, between five and six miles of the track owned at that time by the lumber company. They ran their engine over it and their logging trains and brought the logs over that track and the twelve and a half miles then belonging to the railroad company into Keltys.

Examiner Burchmore: How did the logs get from the tree up to the point where the railroad company took them?

Mr. Wiener: Over tracks belonging to the lumber company.

Examiner Burchmore: But they were hauled by engines

2071 belonging to the railroad company?

Mr. Wiener: Owned by the railroad company but operated

by employees of the lumber company.

Examiner Burchmore: And what payment was made for the use of those located than 2

of those locomotives?

Mr. Wiener: We made one payment to cover the use of the locomotives in the operation of that track for one dollar per thousand

Examiner Burchmore: That was one dollar from the tree to the

Mr. Wiener: To the connection with the main line at Alco.

Examiner Burchmore: What did you charge from Alco to the mill?

Mr. Wiener: Our tariff provided that the outbound division should cover that charge.

Examiner Burchmore: Then you formerly received one dollar per thousand feet plus a certain part of your division that was received from the Cotton Belt Railroad Company?

Mr. Wiener: That is correct.

Examiner Burchmore: At the present time you do not touch the logs to the mill at all?

2072 Mr. Wiener: At present we are not.

Examiner Burchmore: But you receive fifty cents per thousand for the use of your tracks?

Mr. Wiener: Yes, sir.

Examiner Burchmore: Is any other use made of those tracks?

Mr. Wiener: Only for the operation of the railroad company's

Examiner Burchmore: What are your earnings from the operation of that train?

Mr. Wiener: Of the railroad company's train?

Mraminer Burchmore: Yes. Are they considerable in amount? Mr. Wiener: It seems to me they are going to be very much more than we first thought. I have the figures here for the first twenty-one day's operation of that train and the passenger earnings were \$114.60.

Examiner Burchmore: Well, everybody was curious to ride on the

passenger trains?

Mr. Wiener: No, there was no particular curiosity, but the country we are opening up is pretty well settled; we are into a thickly settled farming section. The freight earnings were \$214.97.

2073 Mr. Cowan: What was the date of that twenty-one days?
Mr. Wiener: From November 7th to November 30th, that
is twenty-one days' operation. We operate every day except Sunday.
Examiner Burchmore: That train has only been running about a

month.

Mr. Wiener: After the 7th of November.

Examiner Burchmore: Before that you had no passenger service? Mr. Wiener: We had no passenger service previous to that day. Examiner Burchmore: Do you handle the United States mail?

Mr. Wiener: Not at present.

Examiner Burchmore: You are negotiating for that with the gov-

ernment?

Mr. Wiener: We are figuring and have been requested to make application. I have been requested personally to write up a form for some of the citizens whose post office is about a mile from the end of our track for the location of the post office on our road at Naclina, and they expect us to handle the mail when they get the post office established.

2074 Examiner Burchmore: Any express companies operating over your line?

Mr. Wiener: No.

Examiner Burchmore: Is it contemplated?

Mr. Wiener: If any one of them will make us a proposition that they want the business we will be glad to make an arrangement with them. I do not know whether the express company will consider it worth while or not. We handle it as a freight proposition now

Examiner Burchmore: Do these passengers pay cash fare on the

train or do they have tickets?

Mr. Wiener: The conductor carries a regular cash slip. Examiner Burchmore: But you will sell tickets?

Mr. Wiener: We have tickets in stock and are awaiting the erection of station facilities.

Examiner Burchmore: You are going to erect some stations? Mr. Wiener: As I have stated, we have proposed to operate a joint station with the Cotton Belt at Keltys and we have requested the Houston East & West Texas to give us trackage privileges into the town of Lufkin with our trains.

2075 Examiner Burchmore: How far is Lufkin from the junc-

tion?

Mr. Wiener: I think one and three-quarter to two miles

Examiner Burchmore: There are some other tap lines which run into Lufkin, are there not?

Mr. Wiener: There are three or two of them.

Examiner Burchmore: Do you propose to make joint traffic arrangements for passenger traffic with these other lines?

Mr. Wiener: We do not figure to have joint arrangements. We

only expect to sell local tickets.

Examiner Burchmore: You do not expect to run your trains down beyond Lufkin?

Mr. Wiener: No, not at the present time.

Examiner Burchmore: Lufkin is the county seat?

Mr. Wiener: Lufkin is the county seat. Examiner Burchmore: And quite a city?

Mr. Wiener: Yes, we figure five or six thousand.

Examiner Burchmore: Are there any towns on your present line? Mr. Wiener: Outside of Keltys we have a station known as Alco

which was the terminus of the road for some time. That has a small population and some farming settlement around the town.

2076 and the store there at present is owned by the lumber company but that is not expected to be continued. There is quite a settlement there, and at Naclina we have a town which is primarily a lumber company town but it is close into the river bottom where there are quite a number of farms.

Examiner Burchmore: What was your total freight tonnage for

the last fiscal year?

Mr. Wiener: I have got that, Mr. Examiner, only approximately.

Examiner Burchmore: Well, the approximation will do

Mr. Wiener: The approximate toppage of lumber and logs.

Mr. Wiener: The approximate tonnage of lumber and logs—do you want them separately or together?

Examiner Burchmore: Separately and together.

Mr. Wiener: The approximate lumber tonnage was about 26,000 tons and the approximate log tonnage I believe 50,000 tons, and there was some other tonnage, very nominal, of other commodities.

Examiner Burchmore: Less than one per cent of your tonnage

was other than lumber and logs?

Mr. Wiener: Less than one per cent of the interstate tonnage was, ves. sir.

2077 Examiner Burchmore: How much of that one per cent was handled on account of your company stores?

Mr. Wiener: I suppose at that time practically all of it was on account of the lumber company's business, the greater portion of it anyhow.

Examiner Burchmore: Is it not a fact that so far, or at least until recently your entire traffic was supplied by these controlling interests?

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Mr. Wiener: Approximately all of it.

Examiner Burchmore: Well, there was not enough other traffic to be counted?

Mr. Wiener: Not enough freight traffic to cut any figure in the

operation of the road.

Examiner Burchmore: An officer of your company stated to tree Examiner when in the field that you did not handle anything except for the lumber company. Is that so?

Mr. Wiener: Possibly. I think I talked to the Examiner my-

Examiner Burchmore: Well, you made some such admission?

Mr. Weiner: Well, we handled some other stuff, yes, but very nominal, not worth taking into account at that time, We handled anything that was tendered us, but until the extension of the line there was nothing else tendered to us.

Examiner Burchmore: And that was very recently? Mr. Wiener: We acquired the additional mileage, I think on

June 30th.

Examiner Burchmore: What is the explanation for this change in the practices and methods with respect to handling the logs into the mill?

Mr. Wiener: There are two or three explanations. One is with the increased mileage of our road and the increased business, we expected, we considered that an easier way to handle it.

Examiner Burchmore: Is the Mississippi Valley Railroad present?

Mr. Ziebold: Yes.

Examiner Burchmore: What are your connections?

Mr. Ziebold: The Frisco.

Examiner Burchmore: Through a misunderstanding yesterday, the Commissioner being under the impression that the Mississippi Valley Railway was identical with the Mississippi Valley Railroad, the latter being an Iron Mountain connection, he agreed that the case should be heard this morning. In view of that agreement it

will now be called for hearing before Examiner Boyle in

the adjoining room in a few minutes.

Mr. Jeffery: Did you say that is an Iron Mountain connection?

Examiner Burchmore: No, that is a Frisco connection.

What are the other reasons, Mr. Wiener?

Mr. Wiener: One thing that had some little effect on the matter was that the state passed a safety appliance law which copied the Federal law except it did not exempt logging equipment, and while we were advised that possibly as we were in both state and interstate business we would not have to comply with that law, we did not care to disobey it, and that required us to handle logs in standard flat cars equipped with safety appliances. We leased some of those cars and tried the operation and found it very unsatisfactory and the lumber company stated it was unsatisfactory to handle those cars over spurs, therefore it would be more satisfactory for them to purchase our equipment and handle it themselves.

Examiner Burchmore: Why did you buy the seven miles of rail-

Mr. Wiener: Because they were opening up new settlements of farming country, and we thought it was a piece of track that would add to the ability of the railroad company to make money.

Examiner Burchmore: Why don't you buy the rest of it?

Mr. Wiener: We have some more road surveyed ahead of us that will be permanent road. The other road is being taken up and laid down. It is not permanent.

Examiner Burchmore: Do you contemplate any extension in the

immediate future?

Mr. Wiener: Yes, sir.

Examiner Burchmore: Where are you going?

Mr. Wiener: We have a preliminary survey covering about twenty-eight miles. We have ten miles that we expect to build in the next ten or twelve months, if the arrangements which we have with the people ahead are put through.

Examiner Burchmore: What will it open up?

Mr. Wiener: That will afford a market for the town of Chirena and give a market outlet for five thousand bales of cotton.

Examiner Burchmore: Where will the twenty-eight miles run?

Mr. Weiner: To the Santa Fe, at San Augustine.

Examiner Burchmore: Is this lumber company negotiating for the acquisition of any timber rights along that section?

Mr. Wiener: No, the lumber company own a very small proportion of the timber in that direction. They expect to develop some timber, but on the particular ten miles a very small portion of it is on land owned or controlled by the lumber company.

Examiner Burchmore: That may be true, but how about the

stumpage right?

Mr. Wiener: On that particular line, the stumpage rights, only a very small proportion belong to the lumber company.

Examiner Burchmore: Have you stated the extent of timber holdings or stumpage rights of this lumber company in this territory?

Mr. Wiener: At Nacogdoches County, the lumber company owns approximately 12,000 acres of land and about 28,000 acres additional timber rights.

Examiner Burchmore: Have you any questions you desire to ask in this particular connection, Judge Cowan, as to timber lands and

timber rights?

Mr. Cowan: No.
 Mr. Wiener: I will state in connection with that, however,
 that that is only a portion, considerably less than half of the timber in that immediate section.

Examiner Burchmore: The rest of the timber is not being cut?

Mr. Wiener: Some of it is owned by another lumber company and considerable of it is owned by small farmers and settlers in

Examiner Burchmore: What is this other lumber company?

Mr. Wiener: The Frost-Johnson Lumber Company of Nacog-

Examiner Burchmore: Do they have any mills in that vicinity? Their mill in Nacogdochees is twenty miles from the Mr. Wiener. end of our track.

Examiner Burchmore: How do they get logs from that timber? Mr. Wiener: Within a few miles of us there they are operating a road from Nacogdoches south into that territory.

Examiner Burchmore: What is the name of that road?

Mr. Wiener: The Nacogdoches & Southeastern.

Examiner Burchmore: Is there any further statement you wish to make with respect to the nature and extent of your freight traffie?

Mr. Wiener: Only as to the future possibilities of it, as 2083 we see them.

Examiner Burchmore: I presume Mr. Walter can bring that our more fully than I could. Now, with respect to the rate, have you any joint rates with these connecting lines covering class traffic?

Mr. Wiener: We are concurring or participating carriers in practically every southwestern line tariff I believe issued by Mr. Leland, and we are also a concurring carrier in some tariffs issued by some other agent or lines of roads.

Examiner Burchmore: Do the Texas common point rates apply

to stations on your line?

Mr. Wiener: We think they do.

Examiner Burchmore: You are in Texas?

Mr. Wiener: We are in Texas, and we think the Texas Commission rates should apply.

Examiner Burchmore: From St. Louis-

Mr. Wiener: The Texas common point rates apply. I do not think there is an exception. I think every rate is the same to points on our line that it is to our connection with the mair line.

2084 Examiner Burchmore: You have on file with the Commission an index of all your tariffs?

Mr. Wiener: We have.

Examiner Burchmore: I have a copy of that before me dated February 1, 1910, bearing your I. C. C. No. 3.

Mr. Wiener: Here is one-

Examiner Burchmore: There may be a subsequent issue of a new one, but if so it would be substantially the same

Mr. Wiener: There may be some changes. Here is one issued November 1st, and we have a still later one issued December 1st. Examiner Burchmore: Those are on file with the Commission?

Mr. Wiener: Those are on file with the Commission.

Examiner Burchmore: It will not be necessary to refer to them further. How about joint rates on lumber?

Mr. Wiener: We have joint rates on lumber with both the Cotton Belt and Southern Pacific system, the Houston East & West Texas. Examiner Burchmore: To points all over the country?

Mr. Wiener: To points all over the country.

Examiner Burchmore: I mean to any territory to which you might wish to carry shipments.

2085 Mr. Wiener: I think they cover practically the entire country with the exception of some individual exceptions, points in New Mexico on the Santa Fe and some individual exceptions in other portions of the country.

Examiner Burchmore: You do not have any rates to Santa Fe

local points, do you?

Mr. Wiener: We have rates from points on our lines to nothing on the Santa Fe.

Examiner Burchmore: What are your divisions in connection with the Cotton Belt system on lumber?

Mr. Wiener: Two and four cents.

Examiner Burchmore: The highest division you receive is four cents from the Cotton Belt?

Mr. Wiener: The highest division we receive is four cents, Examiner Burchmore: Two cents is the lowest division?

Mr. Wiener: Via the Cotton Belt, yes, sir.

Examiner Burchmore: Have you ever received a higher division than four cents from the Cotton Belt?

Mr. Wiener: I do not think so, in my recollection.

Examiner Burchmore: Is there any traffic that you interchange with the Cotton Belt on which you receive no division 2086 of a joint rate? For example, where the Cotton Belt takes the whole rate or where there are no joint rates on your

line, so you charge the local?

Mr. Wiener: I think about the only application of that would be the Santa Fe.

Examiner Burchmore: You have some traffic to Santa Fe local points?

Mr. Wiener: No, I do not think we ever have any to Santa Fe

local points.

Examiner Burchmore: I am not talking about points to which you have no divisions, but about traffic which actually moves on which you earn no division.

Mr. Wiener; Speaking of an interstate basis?

Examiner Burchmore: Yes.

Mr. Wiener: I do not recollect. There might have been an exceptional car, but I do not remember.

Examiner Burchmore: You get divisions out of joint rates on shipments of lumber to points in Texas?

Mr. Wiener: We are not getting them, no.

Examiner Burchmore: Why not

Mr. Wiener: Well, on account of a little misunderstanding with the Texas Railroad Commission of some long standing.

2087 Examiner Burchmore: Have you ever had any application on file with the Texas Railroad Commission to give you the necessary status which would entitle you to such a division?

Mr. Wiener: Yes, sir: and they at that time stated there were certain requirements, they seemed to require certain physical facts

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which would cause the expenditure of more money than we and or could borrow.

Examiner Burchmore: When did you make that application?

Mr. Wiener: One application was made several years ago; I do not remember the date.

Examiner Burchmore: When was the other made?

Mr. Wiener: I was just going to explain. The Commission changed its status or rather made a public declaration that it believed it had the authority to regulate railroads and did not intend to recognize any more.

Mr. Mantooth: That is, formally recognize them.

Mr. Wiener: That is, formally recognize them. The majority of the Commission made the statement they did not expect to recognize a railroad, but when one was chartered they expected to see it obey the law. Following that opinion we equipped ourselves

as we thought in compliance with the law and so stated to the
2088 Commission and some of our connections we made applications for some joint rates which were not covered by railroad
commission tariffs, and in reply to that the Commission notified us
to be there on the 10th of next month, apparently to overrule their

former opinion, and stated that on January 10th they would take up the matter.

Mr. Walter: That is a joint application by you with other lines?
Mr. Wiener: That is a joint application for some special rate.
Examiner Burchmore: Did you have any difficulty in getting the

Examiner Durchmore. Did you have an

Cotton Belt to join in that application?

Mr. Wiener: The application was made with the St. Louis Southwestern system. The Cotton Belt rates did not require any application. There was some special joint rates with the St. Louis Southwestern which required a special order of the Commission to make it effective.

Examiner Burchmore: You make one statement as to the Cotton

Belt and another as to the St. Louis Southwestern-

Mr. Wiener: I mean the Southern Pacific. The application was made with the Southern Pacific system.

2089 Mr. Walter: Let me suggest that a copy of that application be put in the record now.

Examiner Burchmore: Has it a material bearing on the case?
Mr. Walter: Yes, it shows the joint action of the Southern Pacific system and the Angelina & Neches River Railroad.

Examiner Burchmore: Have you a copy of it?

Mr. Wiener: I have an unsigned copy.

(The paper so offered and identified was received in evidence and thereupon marked Angelina & Neches River Exhibit No. 2, Witness Wiener, December 15, 1919, and is attached hereto.)

Examiner Burchmore: But as a matter of fact, speaking of the present date and without regard to the possibility of any different action or position in the future, the Texas Railroad Commission does not recognize and has not recognized so far the Angelina & Neches River Railroad as being a common carrier railroad?

Mr. Wiener: It has not issued any public order to that effect.

Examiner Burchmore: Well, whether its action is correct or not is another matter, but as a matter of fact it has not recognized it as a common carrier. 2090

Mr. Wiener: It has not recognized it.

Examiner Burchmore: Are there any other short timber roads in that vicinity which have been recognized by the Texas Railroad Commission?

Mr. Wiener: I think there are a number which have been recognized; there are some short railroads in Texas which are doing

business without any such formal recognition.

Examiner Burchmore: Is this action of the Texas Railroad Commissioner apparently an arbitrary one or do they assign reasons for their position?

Mr. Wiener: I cannot answer that question.

Examiner Burchmore: You never heard any reasons 2091

assigned?

Mr. Wiener: As I stated, at one time several years ago they requested that we get our road in as good shape as the big systems like the Katy which have been in operation with heavy traffic, and we could not spend the money.

Mr. Garwood: Your Honor, would you permit me to make a

statement with relation to that matter at this time?

Examiner Burchmore: Certainly.

Mr. Garwood: For a long time, quite a number of years, the Railroad Commission pursued the formal policy of issuing a formal order recognizing some and not recognizing others. There was, so far ase I am advised, no special statutory authority conferring upon them the right or power to recognize or not to recognize, but they pursued that policy for a number of years. Within the last few years they have concluded it was not their province to pass upon the question whether a railway was or was not a common carrier in so far as issuing a formal order to that effect, and they have discontinued that policy and have done so for the past year or two, and they are not now issuing any formal orders to that effect. But I understand that they will pass upon and undertake to determine

whether joint rates shall be made as in the case indicated 2092 by the witness, his own application having been set down

for a formal hearing on an order.

Examiner Burchmore: What divisions do you receive from the Houston, East & West Texas?

Mr. Wiener: I think the minimum is about one cent; it is a percentage basis; and the maximum is four cents.

Examiner Burchmore: How long have you been receiving as much as four cents from the Houston, East & West Texas?

Mr. Wiener: Since some time last February.

Examiner Burchmore: What prompted the Houston, East & West Texas to increase their maximum divisions from three to four cents?

Mr. Wiener: That particular division applies on traffic routed only through one gateway, one way, and was, I understand, caused by their making favorable traffic arrangements with one of their connections which would permit them to pay that division.

Examiner Burchmore: That increase in division was not the re-

sult of any negotiation that you initiated with them?

Mr. Wiener: I had talked to them, and had talked to their connections. I think though that the same division was put in with some of their other connections which had not mentioned the matter to them. It was the result of some very favorable arrangements with some of their connections.

Examiner Burchmore: You interchanged the major portion of

your lumber with the Cotton Belt?

Mr. Wiener: There have been some months when the car supply from the Southern Pacific was short, I believe they have received the major portion; it is simply now depending solely upon the question of car supply.

Examiner Burchmore: Does it not depend largely upon markets

in which you happen to sell your lumber?

Mr. Wiener: Yes, sir, it depends upon the routings applicable and their tariffs; when we turn over a car, the intermediate routing is usually left to the railroad company and they naturally route it via the route paying the best rates, paying them the best revenue.

Examiner Burchmore: When lumber does move out over the Houston, East & West Texas for interstate destinations which could be reached by the St. Louis Southwestern and its connections, you are really receiving a less division and rendering a greater service?

Mr. Wiener: In a good many instances we receive the same divis-

ion from either line.

2094 Examiner Burchmore: But you render a very much greater service?

Mr. Wiener: Yes, we render a greater service on the finished product. Examiner Burchmore: You do not render any service at all on the

finished product when it moves over the Cotton Belt?

Mr. Wiener: Yes, sir, some we do and some we do not.

Examiner Burchmore: What instances?

Mr. Wiener: In the movement of rough lumber from the sawmills, we do some switching service on handling a portion of the Cotton Belt shipments.

Examiner Burchmore: I questioned you with respect to the man-

ner the lumber moved out, did I not?

Mr. Wiener: Somewhat.

Examiner Burchmore: The empty car is set at the mill by the

St. Louis Southwestern?

Mr. Wiener: It is partially set in on the loading track by the The Cotton Belt refused to build a foot of their track Cotton Belt. off the right of way. They own the track so far as their right of way extends.

Examiner Burchmore: Their engine sets the car and takes the

loaded car away?

Mr. Wiener: If the loading tracks happen to be so full 2095 with cars they may set them and sometimes our engine goes up and switches the track.

Examiner Burchmore: Are the rates published from your line on lumber on a milling in transit basis?

Mr. Wiener: With the Cotton Belt the rate provides that the rate covers movement of the log to the mill and the lumber from the mill.

Examiner Burchmore: But the movement of the log is not per-

formed by your company at all?

Mr. Wiener: Not now, but this has been the Cotton Belt milling in transit tariff, and we have taken it up and notified them we want to change it for that reason.

Examiner Burchmore: Has this company paid any dividends?

Mr. Wiener: It has not.

Examiner Burchmore: Accumulated any surplus?
Mr. Wiener: It has not. It has accumulated a deficit.
Examiner Burchmore: Losing money every year?

Mr. Wiener: No, it made some last year. For the year ending June 30th, 1910, it made about \$700.

Examiner Burchmore: On the whole, however, it has been a losing venture?

Mr. Wiener. For the ten years' operation it shows some thing like \$7,000 or something over \$7,000 loss.

Examiner Burchmore: Then the sum of the annual deficits has exceeded the sum of the annual balances?

Mr. Wiener: By something over \$7,000, yes, sir. Examiner Burchmore: Who has paid that \$7,000?

Mr. Wiener: It is an indebtedness of the railroad company.

Examiner Burchmore: To the lumber company?

Mr. Wiener: Part of it, yes. It stands as an indebtedness. All of the indebtedness of the railroad company, today however, is not to the lumber company.

Examiner Burchmore: Examiner Boyle will take up at this point the Zwelle & Eastern Railway in the adjoining room. Do the offi-

cers of this railroad receive any interstate passes?

Mr. Wiener: Yes, sir.

Examiner Burchmore: Do they use those passes?

Mr. Wiener: I do mine, yes, sir.

Examiner Burchmore: Do the other officers of the railroad company receive passes?

Mr. Wiener: I think we receive three annuals.

Examiner Burchmore: And they are used? Mr. Wiener: I presume so,

Examiner Burchmore: Well, you do not think those gentlemen pay fare when they have passes?

Mr. Wiener: No, when they travel they use their passes unless there is something seriously the matter with their minds.

Examiner Burchmore: I think that is all.

Mr. Walter: This line of railroad of yours is a permanent railroad?

Mr. Wiener: Yes, sir.

Mr. Walter: Intended to remain there indefinitely?
Mr. Wiener: Intended to remain there indefinitely.

Mr. Walter: You serve anybody and everybody that offers you business?

Mr. Wiener: Yes, sir.

Mr. Walter: This proposed extension to Chereno, what sort of a

country is that?

Mr. Wiener: That is going into a country, we expect for several miles to traverse a country on which there is no timber. It is going into one of the oldest settled farming communities of East Texas.

Mr. Walter: How does it rank in quality as to a farming

2098 community?

Mr. Wiener: Very high. The quality of the soil is very

good.

Mr. Walter: Their agricultural and farming products rank with any part of Texas?

Mr. Wiener: With any part of the State, I think.
Mr. Walter: That railroad is under process of contract to the people along the line?

Mr. Wiener: You mean the building of it? Mr. Walter: Yes.

Mr. Wiener: It has not been contracted yet.

Mr. Walter: But you have an arrangement with the people in process of arrangement so you exect to build the railroad?

Mr. Wiener: We expect to build the railroad, yes, sir.
Mr. Walter: That railroad is to be built whether it goes to Chereno or not?

Mr. Wiener: It will be built either near or to Chereno, yes. whether it goes to Chereno or not it will be built.

Mr. Walter: That is, in the immediate future?

Mr. Wiener: That is in the immediate future. We expect to complete about ten miles of it.

Mr. Walter: Has action been taken toward an amendment

of your charter? 2099

Mr. Wiener: The charter has been amended to include that extension.

Mr. Walter: Very recently? Mr. Wiener: This year.

Mr. Walter: About how many people now live in the immediate

territory along your line, what is the population?

Mr. Wiener: That is a hard question to answer. The immediate territory along our line has considerable farming territory. Some of the oldest farms in the county are along the line, and there is one track of about 90,000 acres which is being colonized, owned by colonization people, and we go something like two or three miles through that particular tract.

Mr. Walter: Would you say there are as many as 3000 or 4000

people who could use your railroad?

Mr. Wiener: I would consider it at least that many.

Mr. Walter: All this land after the timber is removed is agricultural land, is it not?

Mr. Wiener: Yes, sir, very good agricultural land, some of it. Mr. Walter: If you reach Chereno or near enough for them to use your line that will aid several thousand more 2100 people.

Mr. Wiener: That will aid several thousand more people. There

are, I presume, 20,000 acres or more in cultivation in that immediate neighborhood, and quite a heavy population, several thousand neople.

Mr. Walter: The railroad company furnishes the railroad for all logs that come out, under a contract arrangement with the lumber

Mr. Wiener: It furnishes the railroad, yes.

Mr. Walter: You spoke a moment ago of the requirement by the Texas State Commission made some years ago. I would ask you if your railroad now in the condition in which it is meets all that requirement?

Mr. Wiener: I think it does. We so consider it. We are complying with all the laws and orders of the Texas Commission today.

Mr. Walter: That is all.

Mr. Cowan: Just one question. As I understand the result of your situation, you were handling simply the logs and lumber of the Angelina County Lumber Company until you began to make these improvements and changed your relations as to the manner of haul-

ing the logs, operating the cars and getting a passenger carand the like, and that since the rejuvenation of this road, you 2101 are now in a position to speak to the public that you are going to operate a railroad for public purposes, and are doing it now?

Mr. Wiener: We are operating a railroad every day.

Mr. Cowan: And doing it now? Mr. Wiener: And doing it now.

Mr. Cowan: And the object of operating that railroad is for the compensation you get out of doing it?

Mr. Wiener: Yes, sir.

Mr. Cowan: And that compensation will come for the present, at least, mostly and almost altogether from the lumber business?

Mr. Wiener: I think that our total compensation for the entire month of November on lumber was only about 80 per cent of the total revenues received, and the other revenues were only received for part of the month.

Mr. Cowan: The revenues for the other traffic than lumber, how-

ever, are on traffic that is handled for the lumber company?

Mr. Wiener: Only a portion of it.

Mr. Cowan: Well, a portion of it is.

Mr. Wiener: A portion of it is. Mr. Cowan: You cannot operate and could not operate 2102 that railroad as a railroad for the public unless you operated it by getting the divisions on the rates on the lumber?

Mr. Wiener: We could not operate it except at a loss without

getting a part of the revenue on all the traffic we handle.

Mr. Cowan: My friend, Mr. Henderson, the President of Angelina County, is the president of this railroad company?

Mr. Wiener: He is Vice-President of the railroad company. Mr. Cowan: Well, he is the financial end of the company?

Mr. Wiener: Yes, sir. Mr. Cowan: And he is not in the habit of doing business at a loss if he can help it?

Mr. Wiener: Well, he has done it, to my personal knowledge, in

a good many instances.

Mr. Cowan: Well, that may have been on account of his employés or something like that. What is the object in going to San Augustine?

Mr. Wiener: The opening up of a section of country that will give our railroad tonnage in the days when the lumber business is a

thing of the past in Texas.

2103 Mr. Cowan: San Augustine is the place which Governor Roberts mentioned in his book as being the centre of the surrounding country.

Mr. Wiener: I do not know, but it is.
Mr. Andrews: That is Nacogdoches.
Mr. Garwood: And it is, is it not?
Mr. Wiener: It is, I have been there.

Examiner Burchmore: What is the total movement of logs into your mill at the present time?

Mr. Wiener: Expressed in what terms?

Examiner Burchmore: Any terms you can express it.

Mr. Wiener: The total movement at the present time, I suppose, would be about 100,000 feet per day.

Examiner Burchmore: What does it cost the lumber company to

move that 100,000 feet into the mill?

Mr. Wiener: I could not answer that question, because I have not the statement detailed that close, but it cost-, the service of the train crew and the operation of that train, and the maintenance of their equipment besides the trackage they pay us.

Mr. Garwood: If you get to San Augustine, what railway system

will you reach then?

2104 Mr. Wiener: The Santa Fe.

Mr. Garwood: Then the Santa Fe penetrates through and reached the lumber district in East Texas?

Mr. Wiener: It does.

Mr. Garwood: How far northward from Beaumont does it go?

Mr. Wiener: I do not know the mileage. It goes through San Augustine to Center and across up to Longview which I believe is the northern terminus at present.

Mr. Garwood: The general tendency of railroad construction in East Texas is eastward toward the pine forests now served the

Santa Fe. is it not?

Mr. Wiener: I do think the general tendency is in that direction.
Mr. Garwood: Yes. The Texas railroads are pointing in that direction. Now if through routes and joint rates are not afforded to the railroads that are thus penetrating that section of Texas, is it not a fact that that tonnage will be tied up to the Santa Fe and it will move it throughout its entire length.

Mr. Wiener: I think so. That is my understanding.

Mr. Garwood: Is it not also the fact that the forest products
2105 of that section of Texas will be denied the right and privilege of moving to the markets of the world out through the
northern Texas gateways via these roads that are now penetrating

that section and will be compelled to move over the entire route of the Santa Fe in that section?

Mr. Wiener: That is correct.

Mr. Garwood: Then I will ask you the question if if it is not directly to the interests of East Texas and the citizens and inhabitants thereof that through routes and joint rates be provided by the carriers that are now penetrating that section?

Mr. Wiener: It is.

Examiner Burchmore: That is your judgment. Do you think

other people might have a different opinion?

Mr. Wiener: I do not think there are very many of the citizens of East Texas but would consider the building of railroads through that section is opening up the country that is at present undeveloped and which will stay undeveloped until that country is penetrated by some system of railroads.

Examiner Burchmore: Are not the trunk lines rather thick in

that country?

Mr. Wiener: There are not—there is not a main trunk line within 19 miles of the town of Chereno which we are

2106 going to.

Mr. Walter: Have not the trunk lines been pretty generally made up of the small lines which were originally constructed

to carry lumber?

Mr. Wiener: The trunk lines to a great extent have been made up by the acquisition and extension of short lines of railroads in recent years. The Cotton Belt extension from Lufkin south has been by the acquisition of roads built and operated and connected with lumber companies; and other systems have been extended on the same basis.

Mr. Garwood: Was not the Santa Fe a road made up from the Kirby Road which the Santa Fe bought from Mr. Kirby, the inter-

venor in this case?

Mr. Wiener: That is my understanding, that the present Santa Fe Road in East Texas was built out of Beaumont by Mr. Kirby,

and afterwards acquired by the Santa Fe.

Mr. Garwood: Is it not a fact that the Houston, East & West Texas which runs from Houston to Logansport and then in connection with the Houston & Shreveport to Shreveport, was originally a narrow gauge road built into the pine forests for the main purpose of accommodating that lumber tonnage, and was it not afterwards changed to a standard gauge road?

changed to a standard gauge road?

Mr. Wiener: When I first came to Texas it was a narrow gauge road, and the principal tonnage of which was lumber, and a sawmill every few miles on the road, and very little else moving. Since that time it has been broadened to standard gauge.

Mr. Garwood: And it is not part of the Sunset Central System?

Mr. Wiener: It is now part of the Sunset Central System.
Examiner Burchmore: Was it formerly owned by lumber people?
Mr. Wiener: I do not know. I have been there 20 years and it was there before I was.

Mr. Garwood: It was projected by private citizens in Houston.

Whether they owned any timber or not I do not know. It was before my day. You will have to ask Mr. Bonner as to that question.

Mr. Cowan: It is your understanding that that road was projected

by parties who were not the owners of timber?

Mr. Garwood: I do not know. Paul Dumont was one of the original movers in that enterprise. As to whether he was interested in lumber 1 do not know.

Mr. Cowan: Old man Bonner says he never heard of his being

interested in lumber.

2108 Mr. Garwood: Mr. Bonner is one of our oldest inhabitants.

and if he says so, it is no doubt correct.

Mr. Greer: Is it not your information that the present Santa Fe out of Beaumont reaching northward to San Augustine was built primarily and largely subscribed to by four mills at Beaumont, Mr. Kirby projecting it, and these mills assisting him in it to serve those mills?

Mr. Wiener: My understanding was it served the mills at Beaumont, that its original traffic was the service of those mills and logs.

Mr. Greer: When it extended up to Jasper, a distance of about seven miles, was not its tonnage entirely of lumber and logs?

Mr. Wiener: That would be a presumption. I presume so, from

my general knowledge.

Mr. Greer: That does actually penetrate the best pine forest in East Texas, or did at that day?

Mr. Wiener: It did at that day.

Examiner Burchmore: Did it receive any divisions out of joint rates at that time?

Mr. Wiener: My understanding is it did.

Mr. Greer: I do not know about the question of divisions.
2109 but as a matter of fact do you know whether the owners of
that mill contributed largely by way of contributing stock
or other assistance to build that road for the purpose of getting logs
to their mills and serving the mills of Beaumont?

Mr. Wiener: I do not know that. That was out of my immediate vicinity at that time, and I know nothing of the details of the build-

ing of that road.

Mr. Greer: Do you know whether the Commissioner authorized a logging rate of about \$4.00 into Beaumont for a number of years for the benefit of those mills over that road?

Mr. Wiener: My understanding is there was a logging rate au-

thorized by the Commission.

Examiner Burchmore: This may be applicable to this case, but I do not see its application unless the road received tap line divisions. If it was an expense to build the road and an expense to the builders and they received no compensation from the railroads to partially take care of that expense, what is the application to this particular case, unless to show that the Santa Fe was originally constructed in that manner.

Mr. Greer: My understanding is that a mill man's money can build a railroad the same as anybody's else money, and if it is a fair compensation it is immaterial who owns it, and 2110 if these mill men did build this railroad at a considerable

expense-

Examiner Burchmore: At their own expense?

Mr. Greer: Well, Mr. Kirby was not the original owner, but he contributed largely to it.

Examiner Burchmore: Do you mean the Santa Fe paid for this

road?

Mr. Greer: The Santa Fe had nothing in the world to do with it, the object being to show that these roads grow into real trunk line railroads.

Examiner Burchmore: The Commission understands that that is a fact, that short lines of lumber roads have in very many instances

become integral parts of these great systems.

Mr. Walter: Let us have the information furnished us by the Santa Fe whether there was divisions paid when the line was originally constructed?

Mr. Cowan: The Santa Fe had nothing to do with it. The South-

ern Pacific would know if there were any divisions.

Examiner Burchmore: Does anyone know?

Mr. Coleman: There has not been any proof to indicate that the sawmill men at Beaumont owned the road. The Santa Fe bought the road from John H. Kirby.

2111 Mr. Greer: Is Mr. Kirby here?

Mr. Coleman: My remembrance is that when the Santa Fe acquired the road, John H. Kirby had no sawmills on the line. Now it seems to me.

Examiner Burchmore: We are dealing with the distant past, and this investigation concerns primarily the present, and if this past history of the Santa Fe's present line has a direct bearing on the issues in this case, I should be glad to hear any questions that would

bring it out.

Mr. Greer: As to the Santa Fe's practices, I am sure since they got the road this division has not existed. I am a citizen of Beaumont, and it is my understanding the road was originally built in the interests of those men and the Texas Commission authorized rates on which the logs came in, of the character of a milling in transit proposition, a certain amount of refund on the number of cars. I may be mistaken about it, but if Mr. Kirby is here he can inform us.

Mr. Andrews: He is not here today.

Examiner Burchmore: Is it your thought that a part of the present Santa Fe main line used to be made up of tap lines which received divisions in about the same manner that these tap lines today receive divisions?

2112 Mr. Greer: I just stated the extent of my information. It is the extent of my information that the logs were hauled into Beaumont on a milling in transit rate, and that a certain amount was refunded on the milling in transit basis. I do not know the exact terms, but to that extent it was similar in character.

Mr. Cowan: That information can be obtained.

Mr. Bonner: I was associated with Mr. Kirby in a way. I was not actively connected with the road. I happen to know that Boston capital put up most of the building of that road and developed what was then a very much undeveloped country. I believe one or two

lumber companies in Beaumont or some of their officers held some bonds, very few and only for a short period, but I cannot state positively; but it is my recollection they did not own a dollar of stock in the road, unless perhaps a qualifying share as a director. Boston capital put up the money for the construction of that road.

Mr. Greer: Didn't they have a milling in transit rate?

Mr. Bonner: They put in a milling in transit rate later on, but Mr. Kirby did not own any sawmill or any interest in a sawmill when he built the road, and the Kirby Lumber Company was organized after he sold the road.

Mr. Greer: Did he own any timber?

Mr. Bonner: He owned some interest in timber at that

time, but he bought most of it after that.

Examiner Burchmore: Does not this discussion relate more particularly to the whole question, if it has any bearing? It has no bearing on the Angelina & Neches River Railroad.

Mr. Greer: No.

Mr. Bonner: I merely wanted to tell what I knew.

Mr. Garwood: In that connection I intended to make the inquiry at a later point. I would like to be advised as to when the intervenor's case and that branch of the case will be taken up. Our witnesses are leaving, and we would like to be advised definitely as to whether they will be put on their case at this time, and whether in case they do not intend to put on their case, we will be expected to take up that branch of the inquiry ourselves at this hearing, and in that event we wish to be advised as to whether the intervenors, Mr. Kirby and Mr. Bonner and Mr. Hancock—and I would also like to ask if Mr. Coleman, of the Santa Fe. will remain here until the end of this hearing. I would request that information through counsel.

Mr. Cowan: Well, I have very little information on the subject to communicate, but I will say that whatever information I have

I will be glad to communicate.

The understanding was that it was going to take all the time that the Commission could devote to the matter to hear the tap line side of the case here. I asked Judge Harlan about that, and spoke to counsel in regard to it. It seems that the progress that is being made would require all the time that could be devoted to this hearing to hearing the tap line side of the case, and on that account it was understood that we would not be expected, and in fact the opportunity would not exist for us to undertake to put in our side of the case nor for the trunk lines to undertake to put in their side of it. I do not know whether Judge Harlan communicated that to the Examiner or not, but I suppose he did. And therefore I notified you, Judge Garwood, at the request of Judge Harlan, that such would be the case, according to the way the matter appeared to me then.

Mr. Garwood: That is correct, that was probably the case at that

time.

Mr. Cowan: And it was by his authority, and I presume the Examiner understands it as I understood it. That is all the information I have about it, and on that account I supposed we would not at-

tempt to put in any testimony at this hearing, hoping we can even get through with the tap lines at this hearing.

Mr. Walter: Do you expect to put in testimony?

Mr. Cowan: Hereafter?

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Mr. Walter: Yes. Mr. Cowan: Certainly.

Mr. Garwood: That is the point we want to be definitely ad-We have testimony we wish to put in this record. vised about. Some of this testimony we will expect our friends upon the other side to furnish us, which I have no doubt they will gladly do. have independent testimony that ought to go into the record, and from our standpoint we wish to have it placed in the record. do not wish to be placed in the attitude of having this hearing closed with that expectation, confining ourselves merely to the salient points involved in each individual tap line case and not have these general features go into the record. We wish to be absolutely certain that there will be at an early date and in time for it to be thoroughly considered by the Commission this general line of testimony which we assume will be taken up by the intervenors in the case. do not take it up, we want our own testimony in the record. And that is now, that we wish to be definitely advised about whether there will be at an early date another hearing and in

whether there will be at an early date another hearing and in full time to give the Commission time to investigate the testimony adduced prior to the final hearing upon all these matters.

Examiner Burchmore: It is my understanding that at the present session each and every tap line that is a party to this whole record will be given the fullest opportunity to present any facts that it has to present, and the effort will be made to develop all the facts that will shed any light on the methods and practices of these so-called tap lines or on the question of their status as common carriers. I have not received any instructions to go farther than to call all the tap lines and hear each case presented. I do not think the Commission would enter any final order in a matter of this importance without affording every party in interest the fullest opportunity to present their case and bring at all the testimony; and so it is my general understanding that the Commission will hold a further hearing in this matter at which the intervenors, perhaps, will put in their case, if they have one to put in, and if the Southern Pacific or any other interests in this case have further facts they want to bring out I understand they have an opportunity to bring out those facts. All I can say authoritatively is that I understand that at the

I can say authoritatively is that I understand that at the present sessions this week we will take up only the case of each individual tap line and go no further. If when we go that far, any one wishes to present further facts immediately, I will wire the Commission and find out whether I can hear it. But I have an idea we will not complete this phase of the investigation before Saturday night, and we will be doing very well if we do that.

Mr. Garwood: It appears now to be likely-

Examiner Burchmore: It can be noted in the record, however, that the interests you represent desire to have a further hearing in connection with this case, in some relation.

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Mr. Garwood: We wish to be advised definitely whether there will be another hearing. I have understood from the intervenors that they expected to-

Mr. Cowan: I have stated that Judge Harlan told me that and told

me to tell you so.

Examiner Burchmore: It is my impression there will be a further hearing.

Mr. Cowan: But he did not care at that time to make any public announcement about it, because he did not know how far some of the individual parties might want to call some of the wit-

nesses who might leave upon making such an announcement. But so far as the subsequent hearing is concerned, there was no question at all that he told me there would be a subsequent hearing at which the intervenors and trunk lines would be accorded the opportunity to put in whatever evidence they pleased; but he wanted to try to close the tap line end of it here if he could. That hearing to be at as nearly a convenient date as would suit the business of the Commission and yet expedite the proceeding. That was the definite understanding, and I not only told you gentlemen but some other lawyers when they asked me about it, that that was my understand-

Mr. Garwood: I had not understood that testimony at such further hearing would be limited to the intervenors and trunk lines.

Mr. Cowan: He did not so state. I said they would be given an

opportunity.

Examiner Burchmore: But I do understand at that further hearing no opportunity will be given to any tap line that appears at this hearing and states its case here, to present any further facts in relation to its particular case. We are supposed to clean up this part of the investigation at this session.

2119 Mr. Garwood: No. One reason why I am raising this inquiry now, in addition to being certain that will be the case,

is to confine this inquiry as closely as possible to that.

Examiner Burchmore: I think this inquiry should be confined to the investigation as closely as possible, of the particular lines before us.

Mr. Jeffrey: I wish to call attention to this. I have a list of 20 Iron Mountain tap lines which have not been called yet.

Examiner Burchmore: Do they all receive divisions?

Mr. Jeffrey: Unfortunately they do. Suppose I hand this list up to you.

Examiner Burchmore: I wish you would. I have seven or eight. but the rest have been called and have not answered.

Mr. Cowen: There have been a good many called while you have been out.

Examiner Burchmore: Is this all with the Angelina & Neches River?

Mr. Walter: We want to make one reservation, as to the necessity for rebuttal in some particular lines.

Examiner Burchmore: Your request will be noted.

2120 Mr. Cowan: The law gives you that, I think. Mr. Walter: Yes, and I know we will get it.

Mr. Coleman: In regard to Judge Garwood's inquiry, and whether the Santa Fe would be represented here, I may say it will be represented by either myself or some one else. Now if he has any special purpose in asking whether I personally would be here, I can arrange to be here or have any one for the Santa Fe that the defendants or Mr. Garwood may wish to have testify.

Examiner Burchmore: We will take a recess until two o'clock. Whereupon, at 1:00 P. M. a recess was taken until 2:00 P. M.

2121

After Recess.

Examiner Burchmore: The Mississippi Valley Railway has been referred to Examiner Boyle.

The Blythville, Leachville & Arkansas Southern will be heard by

Examiner Boyle.

The Black Bayou Railroad will be heard in the adjoining room. Is anyone present for that road?

(No response.)

Examiner Burchmore: Is anyone present for the Jefferson & Northwestern?

(No response.)

Examiner Burchmore: Is the Bodcaw Valley Railroad present?

(No response.)

Examiner Burchmore: The Bodcaw Valley Railroad apparently is not present. It is my understanding that the officers of that company have been present at this hearing. Whether they are here now or not I do not know, but apparently there is no following up of the matter

The Durham Transportation Company?

(No response.)

Examiner Burchmore: The England & Clear Lake Rail-2122 road. Is there any appearance for the England & Clear Lake Railroad?

(No response.)

Examiner Burchmore: The Freeo Valley Railroad?

Mr. Walter: I appear for that railroad.

2123

Freeo Valley Railroad.

EDWARD BOWER, was called as a witness, and having been duly sworn, testified as follows:

Examiner Burchmore: Are you an officer of the Freeo Valley Railroad?

Mr. Bower: I am Vice President and Manager.

Examiner Burchmore: Are you an officer of the Eagle Lumber Company?

Mr. Bower: Yes, sir.

Examiner Burchmore: The line of the Freeo Valley Railroad connects with the St. Louis Southwestern Railway, as I understand, at Eagle Mills, Arkansas?

Mr. Bower: It does.

Examiner Burchmore: Is that the terminus of the line?

Mr. Bower: Yes, sir.

Examiner Burchmore: In what direction and for what distance does it extend?

Mr. Bower: It extends in a northeasterly direction about 22 miles, not 22 miles exact, but a fraction under 22 miles, to what is known as Princeton Junction.

Examiner Burchmore: Where is this road located with

2124 reference to Little Rock or Texarkana?

Mr. Bower: It is south of Pine Bluff, about 60 miles, and north of Texarkana about 90 miles.

Examiner Burchmore: Does it connect with the line of any other common carrier?

Mr. Bower: No, sir.

Examiner Burchmore: The other terminus of the line is known as Princeton Junction?

Mr. Bower: Princeton Junction.

Examiner Burchmore: The word junction suggests the connection with some other line of railroad.

Mr. Bower: With the logging road.

Examiner Burchmore: A private logging road of the Eagle Lumber Company extends, as I understand it, from that point. What is the length of that road, and in what direction does it run?

Mr. Bower: It runs almost due west, and is approximately 17

miles, a little in excess of 17 miles.

Examiner Burchmore: How closely does the line of the Freeo Valley Railroad run to the line of any other common carrier besides the St. Louis Southwestern?

2125 Mr. Bower: The nearest point is 51/4 miles from the Rock

Island's Fordyce-El Dorado Branch.

Examiner Burchmore: Have you contemplated building across to the Rock Island or is there some barrier intervening between the lines?

Mr. Bower: There has been talk of venturing in that direction.

There has been nothing done. It has been dropped.

Examiner Burchmore: Is it proposed to connect the line of this railroad with the line of the Fordyce & Princeton, which seems to be somewhat adjacent?

Mr. Bower: No. There was at one time a proposition to connect it with the Malvern & Freeo Valley Railroad, making the Iron

Mountain connection.

Examiner Burchmore: That has been abandoned?

Mr. Bower: That has been abandoned.

Examiner Burchmore: Who is President of this railroad company?

Mr. Bower: E. L. Hayward.

Examiner Burchmore: He is also President of the Eagle Lumber Company?

Mr. Bower: No. Edward B. Hayward is President of the Eagle Lumber Company.

Examiner Burchmore: Is that father and son? 2126

Mr. Bower: Father and son.

Examiner Burchmore: Mr. E. L. Hayward is Vice President of the Eagle Lumber Company?

Mr. Bower: No. Examiner Burchmore: Does he occupy any position with the lumber company?

Mr. Bower: Secretary of the lumber company.

Examiner Burchmore: Who are the other officers of the railroad company?

Mr. Bower: I am its Vice President, and M. J. Moore, Secretary

and Treasurer.

Examiner Burchmore: Is Mr. Moore an officer of the lumber company?

Mr. Bower: No.

Examiner Burchmore: Are you an officer of the lumber company?

Mr. Bower: I am its Treasurer and Manager.

Examiner Burchmore: Then with the exception of Mr. M. J. Moore, the officers of the Freeo Valley Railroad Company seem to be officers also of the lumber company?

Mr. Bower: Yes, sir.

Examiner Burchmore: I understand that the Eagle Lum-2127 ber Company substantially controls the Freeo Valley Railroad through the ownership of a majority of the capital stock; is that correct?

Mr. Bower: I think so, yes, sir.

Examiner Burchmore: The stockholders of the two companies are in the main common?

Mr. Bower: With the exception of a few shares of stock, they

Examiner Burchmore: Are those few shares in the hands of directors?

Mr. Bower: Directors of the railroad company?

Examiner Burchmore: Yes. Mr. Bower: Yes, sir.

Examiner Burchmore: And there are no stockholders in the lumber company who are not directly interested in the railroad company?

Mr. Bower: None.

Examiner Burchmore: What is the character of the country

through which this railroad runs?

Mr. Bower: Well, it is a mixture of almost everything that can be found in Southern Arkansas. The first three miles 2128 out from the junction with the Cotton Belt is fine flats; the next seven miles we will say is a farming country, and it runs almost that entire distance through farming lands. Then we get out into the gumbo hills and it is a very rough country and not very thickly settled on the line of railroad.

Examiner Burchmore: Does the Eagle Lumber Company own

any timber land in this vicinity?

Mr. Bower: Yes, sir.

Examiner Burchmore: What is the extent of its timber holdings? Mr. Bower: There are no timber holdings of the Eagle Lumber Company immediately on the line of the Freeo Valley, but they own a large per cent of the cout-over land for the last ten miles of the length of the line. But beyond and where a private line of the Eagle Lumber Company runs they have approximately 30,000 acres of timber lands.

Examiner Burchmore: In the general area in which this 30,000 acres is situated, how much timber land is there outstanding in

the hands of other owners?

Mr. Bower: Well, that would be an estimate on my part. 1 would think as a rough guess at it there was as much as 2129 one hundred million feet of pine. I have no way of knowing the amount of hardwood, but there is considerable.

Examiner Burchmore: What acreage?

Mr. Bower: Well, 20,000 acres.

Examiner Burchmore: So that this company controls more than half of the timber acreage out there?

Mr. Bower: Yes, I think so.

Examiner Burchmore: In speaking of timber lands, I mean to

include stumpage rights, and I suppose you so understood.

Mr. Bower: Yes, sir. There is a great deal of timber land within our territory that has already — logged for the pine, and I have no estimate at all on the hardwood that remains there, but it is coming into the market rapidly; and taking that in connection with the outside pine, the lumber company does not own or control by any means 50 per cent of the stumpage in that territory.

Examiner Burchmore: Do you do any hardwood lumbering?

Mr. Bower: No, sir.

Examiner Burchmore: You sell the hardwood on the trees to other mills?

Mr. Bower: Yes, sir.

2130 Examiner Burchmore: What other sawmills are there on

Mr. Bower: There is only one other sawmill known as the Williams mill. There is another small mill owned by a Mr. Wright that is six miles off the line. He has been wagonning his lumber to the line of the Freeo Valley, and it has been moved out over our line. There is also a small mill that is cutting hardwood, cross ties, railroad crossties exclusively.

Examiner Burchmore: I understand that the mill of the Eagle Lumber Company is located at the junction point at Eagle Mills with the St. Louis Southwestern and is in fact directly adjacent to

Mr. Bower: That is correct.

Examiner Burchmore: Is there a sawmill and planing mill both in that plant?

Mr. Bower: Yes, sir.

Examiner Burchmore: One of each?

Mr. Bower: Yes, sir.

Examiner Burchmore: Is there a side track extending from the rails of the Cotton Belt to a convenient point near your loading platform?

Mr. Bower: Well, I do not know that it could be termed a private siding. There is a siding which goes to our loading 2131

platform but-

Examiner Burchmore: Who owns that siding? Mr. Bower: Well, it was built under the Cotton Belt siding contract. I think that contract provided at the time it was made that the Eagle Lumber Company should do the grading and furnish the crossties and the Cotton Belt furnished the rail and maintains the siding.

Examiner Burchmore: When was that side track constructed or

when was the contract made?

Mr. Bower: As I recall it, that contract was made about 1902: that was before my time with the company, however, and I am not

positive as to the date of it.

Examiner Burchmore: It is however possible for cars to be moved from the mill to the Cotton Belt main line without moving over the rails of this Freeo Valley Railroad?

Mr. Bower: Yes, sir.

Examiner Burchmore: When was this railroad first constructed?

Mr. Bower: It was begun about 20 years ago.

Examiner Burchmore: When was it incorporated?

Mr. Bower: I think the charter is dated May 11th, 1904. Examiner Burchmore: And that charter was taken out 2132 under the laws of the state?

Mr. Bower: Yes, sir.

Examiner Burchmore: And the line is incorporated as a common carrier railroad?

Mr. Bower: Yes, sir.

Examiner Burchmore: At the time of that incorporation was the entire present line constructed and in operation?

Mr. Bower: No, there was 18 miles constructed at that time. Examiner Burchmore: Four or five miles have been built since?

Mr. Bower: Four miles.

Examiner Burchmore: Will you state what the total mileage of

those private tram road tracks is?

Mr. Bower: I said approximately 17 miles. There is a little more still than that owned by the lumber company, but it is a go and come proposition, it is taken up and laid down.

Examiner Burchmore: When was this mill at Eagle Mills first

put in operation?

Mr. Bower: About 26 years ago.

Examiner Burchmore: Then this railroad was constructed subsequent to the opening of the mill?

Mr. Bower: Yes, sir. 2133

Examiner Burchmore: In the beginning was the railroad operated as a mill facility to bring logs to that mill?

Mr. Bower: I take it that it was.

Examiner Burchmore: That is your understanding?

Mr. Bower: That is my understanding.

Examiner Burchmore: That was the situation in 1904, was it

Mr. Bower: Well, yes. I do not know what outside business was being done in 1904.

Examiner Burchmore: How long has Mr. Hayward been interested in this plant?

Mr. Bower: Since its inception, since the building of the plant. Examiner Burchmore: What was the capital stock of this railroad when it was first incorporated?

Mr. Bower: \$50,000.

Examiner Burchmore: Was that all issued?

Mr. Bower: Yes. sir.

Examiner Burchmore: Was it issued for cash, or as a sort of dividend on the lumber companys stock, or in what manner 2134 was it issued?

Mr. Bower: It was issued by declaring a dividend of the lumber company; checks were written, I understand, for the amount of the dividend, and were placed in the hands of the stockholders of the lumber company, and they were advised of the organization of the railroad and given permission to accept cash or stock in the railroad for a like amount.

Examiner Burchmore: But did all of them accept the stock?

Mr. Bower: Yes, sir.

Examiner Burchmore: Simply endorsed their checks over?

Mr. Bower: Yes, sir.

Examiner Burchmore: I understand in a substantial sense the officers and directors and stockholders of this railroad company at the present time are practically identical with the officers, stockholders and directors of the Eagle Lumber Company, or perhaps that statement is too broad?

Mr. Bower: They are in a sense; the president of the railroad company is the son of the president of the lumber company; our secretary and treasurer has no interest whatever in the lumber com-

pany except that he is an employé of the company.

Examiner Burchmore: But the two corporations, while they are distinct and separate corporations legally, are in 2135substance one in interest?

Mr. Bower: They are.

Examiner Burchmore: Did the Cotton Belt System furnish any of the steel rails out of which this railroad was built?

Mr. Bower: None that I have any knowledge of.

Examiner Burchmore: Does this railroad company have any station buildings?

Mr. Bower: They have a small freight depot at Eagle Mills.

Examiner Burchmore: And that is the only station?

Mr. Bower: That is the only station.

Examiner Burchmore: Do they have any team tracks at which carload freight can be received or delivered to the shippers along the line?

Mr. Bower: Yes, sir.

Examiner Burchmore: What stations are there along the line, sing the word stations in the sense of meaning points to or from which rates apply?

Mr. Bower: There are a number of sidings that are known by the number of miles distant they are from the junction with the

Cotton Belt. The first siding is 7 miles out and is known as 136 the Section House; the next is known as the Williams' Switch, and was built there for the little sawmill that I mentioned, and is 2 miles from the mill. The third is known as the Fourteen Mile siding. The next is Eaglet, a small town, and the other is Princeton unction, where there is a siding.

Examiner Burchmore: Those names are all shown in the tariffs? Mr. Bower: I think so, with the exception of Section House, which I believe is called Scales. There was a depot built there at one time, which was destroyed by fire. The point was named Scales.

Examiner Burchmore: This is a standard gauge railroad?

Mr. Bower: Yes, sir.

Examiner Burchmore: What is the weight of the rail?

Mr. Bower: 35 pounds, with the exception of a mile and a half. which is 45 pounds.

Examiner Burchmore: Is the road substantially constructed?

Mr. Bower: It is.

Examiner Burchmore: Any bridges?

Mr. Bower: Yes, sir.

Examiner Burchmore: Well kept up?

Mr. Bower: It is.

Examiner Burchmore: How is it ballasted?

Mr. Bower: Principally with gravel.

Examiner Burchmore: When was that gravel ballast put on? Mr. Bower: That work was begun about-well, before my time, but I will say eight years ago.

Examiner Burchmore: How many locomotives do you own and

operate?

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Mr. Bower: We operate two.

Examiner Burchmore: How many do you own?

Mr. Bower: None.

Examiner Burchmore: Those locomotives are leased from the lumber company?

Mr. Bower: Yes, sir.

Examiner Burchmore: What is the basis of compensation?

Mr. Bower: There is really none, with the exception that a part of the consideration of the sale from the lumber company to the railway company was that 61 logging cars and a caboose and one locomotive at that time was the property of the lumber company and was turned over to the railroad company to be operated, and they

were to keep up all repairs and at any time that there was a demand made on the railroad company for that equipment it was to be returned in substantially as good condition as it was

Examiner Burchmore: Any provision for depreciation?

Mr. Bower: Well, no.

Examiner Burchmore: Was that a written contract?

Mr. Bower: No. sir.

Examiner Burchmore: Then the railroad company pays nothing

for the use of this locomotive and cars?

Mr. Bower: Except the up-keep. Understand now, the log cars are all run over the private line of the lumber company on the spurs, as well as over the main line. The spur work is being done in a mountainous country, very hilly, and the damage to those cars is very very heavy.

Examiner Burchmore: Who keeps them up?

Mr. Bower: The railroad company; that is the consideration of the lease, that no matter whether the damage is done on the spur tracks or the railroad, it is taken care of by the railroad company.

Examiner Burchmore: You have one box car, you said?

Mr. Bower: No, one caboose.

Examiner Burchmore: Is not that car described in your

2139 books as a combination passenger and freight car?

Mr. Bower: Well, it is, one end is a freight car and the other is a regulation caboose of the American Car & Foundry Company.

Examiner Burchmore: Do you have any other rolling stock be-

sides that described?

Mr. Bower: Substantially none.

Examiner Burchmore: How many track crews are there on the road?

Mr. Bower: Two.

Examiner Burchmore: Do they perform any work on the private tram line of the lumber company?

Mr. Bower: None whatever.

Examiner Burchmore: Have you any station employés?

Mr. Bower: One.

Examiner Burchmore: And he is at Eagle Mills?

Mr. Bower: Joint agent of the Cotton Belt and Freeo Valley. Examiner Burchmore: What compensation do you pay that agent?

Mr. Bower: I think it is \$27.50 per month.

Examiner Burchmore: Do you pay any proportion of the cost of maintaining the station at that point?

2140 Mr. Bower: No, we do not.

Examiner Burchmore: You use the Cotton Belt stations?

Mr. Bower: Well, in a sense we do, and we do not. The loading spur that runs to our platform is between our connection with the Cotton Belt and the depot and it is not possible for us to get our trains or our engine to the Cotton Belt without going on the main line, to the Cotton Belt depot.

Examiner Burchmore: How many train crews have you?

Mr. Bower: One.

Examiner Burchmore: Do you operate a locomotive with one train crew?

Mr. Bower: No, one locomotive is an emergency locomotive.

Examiner Burchmore: Are there any employés in the general office of the railroad company other than its officers?

Mr. Bower: No.

Examiner Burchmore: Do any of the clerks of the lumber company perform service at times for the railroad company?

Mr. Bower: They do; Mr. Moore, the secretary.

Examiner Burchmore: Is he compensated for that labor by the railroad company?

Mr. Bower: No.

Examiner Burchmore: Does the railroad company pay any money to the lumber company to take care of the services performed by the latter's employés?

Mr. Bower: It does not.

Examiner Burchmore: What are the salaries of these officers from the railroad? I mean railroad officers who may also be officers of the lumber company?

Mr. Bower: There is no compensation.

Examiner Burchmore: The railroad company then pays no salaries to its officers?

Mr. Bower: No.

Examiner Burchmore: 1s there any salaried officer of the rail-

Mr. Bower: Not one, except this agent I spoke of.

Examiner Burchmore: The officers render gratuitous service to this carrier?

Mr. Bower: They do.

Examiner Burchmore: Is not that a little unusual on railroad companies lines?

Mr. Bower: I presume it is.

Examiner Burchmore: You have a very efficient management then. Do you run any passenger or mixed trains?

Mr. Bower: We do not do a passenger business for hire.

Examiner Burchmore: You are incorporated only as a freight carrier?

Mr. Bower: Well-

Examiner Burchmore: At least you do not carry passengers?

Mr. Bower: We do not carry passengers. The caboose is run at times, and passengers all ride when they care to.

Examiner Burchmore: Do your freight trains all operate on a

regular service?

Mr. Bower: No, sir.

Examiner Burchmore: How many trains are there running each way daily on the average?

Mr. Bower: Two.

Examiner Burchmore: Two each way?

Mr. Bower: Two each way.

Examiner Burchmire: Those are purely freight trains?

Mr. Bower: Yes, sir.

Examiner Burchmore: What is your total freight tonnage for the past fiscal year?

Mr. Bower: Well, it depends on how you figure it. If as our

secretary made up the annual returns, if that is the correct way of arriving at the tonnage, it is something in excess of 130,000 tons;

but in making that report he estimated the log tonnage, and

2143 to that added the lumber tonnage.

Examiner Burchmore: That was a duplication of figures to a certain extent?

Mr. Bower: That was a duplication of figures.

Examiner Burchmore: What would be your tonnage if you did not make that duplication?

Mr. Bower: The total tonnage is about 37,000 tons, that is if we

eliminate that duplication.

Examiner Burchmore: 37,000?

Mr. Bower: 37,000, I think is what it is.

Examiner Burchmore: Your total tonnage if you duplicate the tonnage, is 130,000, and if you do not duplicate the figures it is 37,000, or about a quarter as much.

Mr. Bower: Yes, sir. You know the rough material, the logs are

very much in excess of the weight of the finished product.

Examiner Burchmore: I do not think the latter figure is accurate, but what is the total weight of the logs into the mill?

Mr. Bower: We have been estimating them at 6,000 pounds to the thousand feet.

Examiner Burchmore: But how many tons to the year?

2144 Mr. Bower: 108,000 tons, as I recall it.

Examiner Burchmore: And your lumber was about 30,000?

Mr. Bower: No. Our lumber was about 29,000 tons. The outside tonnage made the difference.

Examiner Burchmore: What was the extent of the outside tonnage?

Mr. Bower: I think 5,524 tons.

Examiner Burchmore: Well, then, if you do not duplicate the figures, I would suggest that your total tonnage was about 110,000 or 112,000 tons, counting all the logs in and all the other merchandise moved, and not counting the lumber out.

Mr. Bower: It depends how you make the figures as to what the

total tonnage is.

Examiner Burchmore: About what percentage of that total tonnage is furnished by the Eagle Lumber Company or subsidiary or relating concerns?

Mr. Bower: On the basis of the report made for the year ending June 30th, the per cent furnished by the Eagle Lumber Company is about 90 per cent of the total tonnage.

Mr. Andrews: The year ending June 30th last? Mr. Bower: The year ending June 30th last.

Examiner Burchmore: Has that been the prevailing ratio

2145 in past years?

Mr. Bower: No, I think it has decreased, going down a little bit.

Examiner Burchmore: You mean the public traffic has increased in the past few years?

Mr. Bower: Yes, sir.

Examiner Burchmore: By the time the lumber is cut out most of the traffic will be done for the public?

Mr. Bower: Yes, sir.

Examiner Burchmore: You of course have no passenger fares?

Mr. Bower: -

Examiner Burchmore: Do you publish or file with the Commission any tariffs naming local freight rates over your line?

Mr. Bower: No, we do not do a local freight business for hire.

Examiner Burchmore: You do not publish any local rates that could be applied on through transportation exchanged with the Cotton Belt, in the absence of joint through rates.

Mr. Bower: Not on class commodities.

Examiner Burchmore: You do on forest products or some of them?

2146 Mr. Bower: Yes, sir.

Examiner Burchmore: What is your local rate on lumber?

Mr. Bower: The local rate on lumber over the line?

Examiner Burchmore: Yes.

Mr. Bower: From the end of the line is \$15.00 a car flat rate.

Examiner Burchmore: You are a party to joint through inter-

Examiner Burchmore: You are a party to joint through interstate rates on lumber or other forest products in connection with the Cotton Belt System?

Mr. Bower: Yes, sir. That applies to yellow pine only, I think.

Examiner Burchmore: Yellow pine lumber only?

Mr. Bower: Yes, sir.

Examiner Burchmore: Does it apply to staves?

Mr. Bower: No.

Examiner Burchmore: Do you handle any staves?

Mr. Bower: Yes, sir.

Examiner Burchmore: What rates do you apply to staves?

Mr. Bower: The same as the lumber rate, a flat rate of \$15.00 a car.

Examiner Burchmore: The yellow pine lumber rate?

Mr. Bower: Yes, sir.

2147 Examiner Burchmore: Do you handle any hardwood?
Mr. Bower: Well, no logs; we have handled hardwood lumber.

Examiner Burchmore: What rate do you charge on hardwood lumber?

Mr. Bower: The same.

Examiner Burchmore: I thought you said the rates applied on yellow pine?

Mr. Bower: I was speaking of the joint rates concurred in by the Cotton Belt, and now I am speaking of the local rate of \$15.00 a car.

Examiner Burchmore: Are your joint through rates on yellow pine lumber from stations on your line the same as the Cotton Belt rates from its local stations in this same group?

Mr. Bower: Yes, sir.

Examiner Burchmore: What division do you receive out of these joint through rates?

Mr. Bower: From one to two and one-half cents per 100 pounds. Examiner Burchmore: Is 2½ cents the greatest division you have ever received?

Mr. Bower: No, there was a time, well, I might say it is the largest we have ever received; there was a division of three cents provided for Texas business on the Cotton Belt rails, but we have

2148 never had any business in that territory and to my knowledge there has never been a division given the Freeo Valley in excess of 2½ cents.

Examiner Burchmore: What is the usual weight of a carload of

lumber?

Mr. Bower: Our cars average about 40,000.

Examiner Burchmore: What do your earnings on a carload of lumber average?

Mr. Bower: I would say \$8.00.

Examiner Burchmore: You have filed with the Commission an index — your tariffs?

Mr. Bower: Yes, sir.

Examiner Burchmore: Do the rates on lumber to which you are a party carry with them a milling in transit privilege?

Mr. Bower: They do.

Examiner Burchmore: Who handles the logs into the mill?

Mr. Bower: The railroad company handles them.

Examiner Burchmore: How many locomotives does the lumber company own or operate?

Mr. Bower: They own five. They operate three independent of

the railroad.

Examiner Burchmore: And lease the other two to the rail-2149 road?

Mr. Bower: And lease the other two.

Examiner Burchmore: How many logging cars does the lumber company own?

Mr. Bower: 61.

Examiner Burchmore: How many does it operate?

Mr. Bower: Well, in connection with the Freeo Valley, 61, those same cars that are maintained by the railroad company run out on the lumber company's spur tracks, and are loaded there.

Exminer Burchmore: Are there not certain logging cars which

are operated by the logging company itself?

Mr. Bower: Well, there are two steel cars which are not log cars, and I believe the lumber company has three water cars, tank cars for water purposes.

Examiner Burchmore: And that is all?

Mr. Bower: That is all.

Examiner Burchmore: Do those cars move over the rails of the Freeo Valley Railroad Company at times?

Mr. Bower: I do not—yes, they do; they have been brought into the shop.

2150 Examiner Burchmore: Just for repairs?

Mr. Bower: Just for repairs.

Examiner Burchmore: Is any charge made when they are taken into the shop?

Mr. Bower: No.

Examiner Burchmore: Who owns those shops?

Mr. Bower: The Eagle Lumber Company.

Examiner Burchmore: Does the Eagle Lumber Company repair cars and locomotives for the railroad company?

Mr. Bower: Yes, sir.

Examiner Burchmore: What charge does it make for repairs?

Mr. Bower: The regular shop job prices.

Examiner Burchmore: Do they make a profit on those repairs?

Mr. Bower: Yes, sir.

Examiner Burchmore: What is the extent of that profit, in a general way?

Mr. Bower: There is added to the actual time that is kept by the

shop foreman ten per cent for use of tools in the shop.

Examiner Burchmore: That is a reasonable addition? Mr. Bower: I would think very reasonable.

Examiner Burchmore: The lumber company does not own 2151

nine logging cars which it operates itself?

Mr. Bower: They did at one time. They have been wrecked and have been taken out of the service. They were small cars, 24 inch wheels that set on the side track until the frames were rotten, and they were finally wrecked. Examiner Burchmore: When were they taken out of service?

Mr. Bower: They have not been in the logging service for five They were used for hauling ballast for awhile three years ago.

Examiner Burchmore: Are these private tracks ballasted?

Mr. Bower: Some of them.

Examiner Burchmore: Is any of that ballast hauled over the railroad?

Mr. Bower: No.

Examiner Burchmore: It comes from a pit on the private lines?

Mr. Bower: Yes, sir.

Examiner Burchmore: What is the explanation for the policy to include this private line of tram roads in the railroad system? Mr. Bower: Well, at the time the railroad was incorporated

there was no thought for an extension in the direction of the logging operations for a number of years. The railroad was headed in a general way to a point where the Rock Island passes the northeast corner of the lumber company's holdings. The line started that way and built past the junction point with the lumber company's tram road; there were a number of circumstances that induced the lumber company to change its mind about going into that solid block of timber at that time, and they constructed their private line in a westerly direction, picking up their scattered timber. The private line was started out without any definite idea as to where it was going when it was started. It was begun as a logging spur, and after a complete survey of the territory, it was determined to make it a permanent thing for a few years anyway, and it was then ballasted up.

Examiner Burchmore: As to the manner in which these logs are transported from the woods to the mill, are we to understand that the locomotives operated by the lumber company haul the logging cars when loaded as far as Princeton Junction?

Mr. Bower: No, they haul to Princeton, which is 21/2 miles from Princeton Junction. The railroad crew goes to Princeton Junction, delivers the empties on a siiding and picks up the loads and hauls them over the lumber company's private line

21/2 miles.

Examiner Burchmore: Princeton is beyond Princeton Junction?

Mr. Bower: Yes, sir.

Examiner Burchmore: And farther away-

Mr. Bower: To the west of it 2½ miles.

Examiner Burchmore: Why do they have interchange at Prince-

ton instead of Princeton Junction?

Mr. Bower: The principal reason was the water question. There was no water in the gumbo country and there was a running creek at Princeton and the junction point or division point was made down there on account of the water.

Examiner Burchmore: The railroad company hauls the logs from

Princeton to the mill?

Mr. Bower: Yes, sir.

Examiner Burchmore: Does it there unload them?

Mr. Bower: Yes, sir.

Examiner Burchmore: Do employés of the lumber company assist in unloading the logs?

Mr. Bower: They assist, but the train crew also assists.

Examiner Burchmore: What is the total charge paid by 2154 the lumber company for the hauling of the logs into the mill?

Mr. Bower: There is none for the haul over the railroad company's line, but for the service of hauling them 2½ miles out of Princeton, and for unloading at the skid way, the lumber company is paying the railroad company a rate of \$2.00 the logging car.

Examiner Burchmore: That amounts to how much on a carload

of lumber, about \$8.00?

Mr. Bower: Well, yes, probably \$8.00.

Examiner Burchmore: Now we have the logs into the mill. After they are milled and are ready for shipment to an interstate destination, what is the practice; that is to say, who furnishes the empty car?

Mr. Bower: The Cotton Belt.

Examiner Burchmore: Who places that empty car at the mill?

Mr. Bower: They do.

Examiner Burchmore: It is then loaded by mill employés?

Mr. Bower: Yes, sir. Examiner Burchmore: Who takes the loaded car back to the Cotton Belt's main line?

Mr. Bower: The Cotton Belt.

Examiner Burchmore: Then the Freeo Valley Railroad 2155 does not have anything to do with the handling of the fin ished product?

Mr. Bower: Substantially nothing. There are times when it is invenient to go in on the siding with the Freeo Valley Railroad ompany's locomotive and place a few cars at the loading track, but

is not done as a general proposition.

Examiner Burchmore: Then the statement which seems to have en made at one time by an official of the Cotton Belt to the effect nat the lumber "is loaded on our tracks and cars handled by us to nd from the plant", you would say is substantially correct?

Mr. Bower: Say that again, please.

(Question read.)

Mr. Bower: Yes.

Examiner Burchmore: Is there any billing covering the inbound ovement of the logs?

Mr. Bower: No.

Examiner Burchmore: The conductor, I presume, makes a report t the arrival of the train at the mill of the number of logs he has rought in?

Mr. Bower: No.

Examiner Burchmore: The mill just knows how many logs gets there by finding them there?

Mr. Bower: No.

Examiner Burchmore: Well, what is done?

Mr. Bower: There is a report made of the lumber company's perations in the woods to the railroad company, of the number of ars which have been switched to the railroad company that day?

Examiner Burchmore: And all the logs that leave the woods go

the mill?

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Mr. Bower: Yes, sir.

Examiner Burchmore: If they lost a few overboard there would not be any claim for damages?

Mr. Bower: I presume not.

Examiner Burchmore: Who issues the bill of lading on the outound lumber from the mill?

Mr. Bower: The Freeo Valley Railroad.

Examiner Burchmore: Its agent at Eagle Mills issues that bill of ading?

Mr. Bower: Yes, sir.

Examiner Burchmore: Does he also issue a waybill?

Mr. Bower: No. That is, as I understand it, transfer billing.

Examiner Burchmore: Handled on transfer billing to the

Cotton Belt? Mr. Bower: Yes, sir.

Examiner Burchmore: What point is shown as the originating point on this bill of lading?

Mr. Bower: Eagle Mills.

Examiner Burchmore: Does the face of the bill of lading indicate

that the shipment has come from beyond?

Mr. Bower: No, it does not. All the face of the billing is that it was received by the Cotton Belt from the Freeo Valley Railroad; that is, it is Freeo Valley standard bills of lading that are tendered to the Cotton Belt.

Examiner Burchmore: That bill of lading is signed by the Cotton

Belt?

Mr. Bower: There is a joint agent there.

Examiner Burchmore: And he files it away as the agent of the company?

Mr. Bower: Yes, sir. Well, that is the transfer part of it.

Examiner Burchmore: The original bill of lading is signed by you as the agent of your company?

2158 Mr. Bower: Yes.

Examiner Burchmore: And kept in your files?

Mr. Bower: Well, the original we-

Examiner Burchmore: Settlements with the Cotton Belt are made monthly by interline settlement?

Mr. Bower: Yes.

Examiner Burchmore: You have a full supply of railroad forms such as are necessary for operation?

Mr. Bower: Yes, sir.

Examiner Burchmore: You endeavor to comply with all the state and Federal statutes governing the conduct of railroad companies which are common carriers?

Mr. Bower: We attempt to.

Examiner Burchmore: And you feel that you do substantially comply with all those requirements?

Mr. Bower: Yes, I think we do.

Examiner Burchmore: Have you a resident agent in Washington?

Mr. Bower: Yes, sir.

Examiner Burchmore: Have you posted in your station at Eagle Mills all of the tariffs to which you are a party, or are they accessible for examination by shippers?

Mr. Bower: The only tariffs we have are concurrences in the Cotton Belt, and as our joint agent is with the Cotton

Belt, they are posted, I suppose, on their accounts. Examiner Burchmore: Does this railroad have any bonds?

Mr. Bower: No.

Examiner Burchmore: Any other indebtedness?

Mr. Bower: Yes, sir.

Examiner Burchmore: What is that indebtedness?

Mr. Bower: An indebtedness to the Eagle Lumber Company, I think of about \$9,000 at this time.

Examiner Burchmore: What does that \$9,000 represent?

Mr. Bower: It represents an advance of money to the railway company for the four mile extension of their line after the purchase was made from the lumber company.

Examiner Burchmore: Has the road paid any dividends?

Mr. Bower: No.

Examiner Burchmore: Has it accumulated any surplus?

Mr. Bower: Yes, sir.

Examiner Burchmore: What is that surplus in amount?

Mr. Bower: The actual surplus is something like \$30,000; I have forgotten the exact amount.

Examiner Burchmore: Is that a bookkeeping surplus?

Mr. Bower: Yes, sir.

Examiner Burchmore: Any cash on hand?

Mr. Bower: No, sir. Examiner Burchmore: Has that surplus been expended in addi-

tions and betterments?

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Mr. Bower: Yes, sir. The surplus has been accumulated by this extension of the main line. The transfer was made to the railroad company at a time when it was necessary to accommodate the lumber company's business that the four mile extension be made and a part of the consideration was that the money should be furnished by the lumber company for making that extension, and it is a matter of bookkeeping between the lumber company and the railroad company, and as fast as any money accumulates it is paid to the lumber company on this open running account.

Examiner Burchmore: These divisions you receive out of joint rates are intended to apply, I assume, partly or wholly on the move-

ment of the logs into the mill?

Mr. Bower: Yes, sir.

Examiner Burchmore: On what basis is this company taxed? Mr. Bower: The basis for taxation was \$3,000 a mile

Examiner Burchmore: I mean is it taxed as other common car-

riers are taxed?

Mr. Bower: Well, it is taxed by the Executive Board of 2161 the Railway Tax Commission or Tax Commission, I guess, of Arkansas, the body that handles it.

Mr. Walter: It is handled the same way as other railroads?

Mr. Bower: The same as other railroads?

Examiner Burchmore: As a matter of fact, I understand no charge is made by your company for handling local freight?

Mr. Bower: That is true.

Mr. Walter: Don't you mean in less than carload lots?
Mr. Bower: I mean in less than carload lots.

Examiner Burchmore: I do not believe there is any local carload freight?

Mr. Bower: Yes, sir.

Examiner Burchmore: Oh, in staves?

Mr. Bower: Yes, sir, and fertilizer and foodstuffs and flour.

Examiner Burchmore: That stuff has all come from or is destined to interstate points, is it not?

Mr. Bower: No some of it is and some is not.

Examiner Burchmore: You understand that in order to bring the traffic within the jurisdiction of the Interstate Commerce Commission it is not necessarily required that that traffic

shall move under through billing, but it is sufficient if it moves under a common arrangement from which it is handled from a point in one state to another point in another state without the intervention of a shipper at an intermediate point.

Mr. Bower: Yes, sir. Examiner Burchmore: And you govern yourself in the filing of your rates and the application of those rates according to that understanding?

Mr. Bower: I understand in a general way that that is true, but the movement of carload business, as a general proposition, moves under our local rates, flat rates.

Examiner Burchmore: Those rates are published with the In-

terstate Commerce Commission?

Mr. Bower: I was under the impression that they were, but I am not sure.

Examiner Burchmore: You refer to the Williams Mill, which is located near Williams Switch?

Mr. Bower: Yes, sir.

Examiner Burchmore: Is that mill owned by or controlled by or related to the Eagle Lumber Company?

Mr. Bower: No.

Examiner Burchmore: What is the extent of their ship-

2163 ments annually?

Mr. Bower: They have moved from the Williams Switch to the Section House Switch, I called your attention to, and a statement made by the proprietor of that mill says he will ship 200 cars of lumber this year.

Examiner Burchmore: What character of lumber?

Mr. Bower: Yellow pine and hardwood.

Examiner Burchmore: Where does he get his logs?

Mr. Bower: He has bought them around in that neighborhood.

Examiner Burchmore: He is not logging your land? Mr. Bower: No. sir.

Examiner Burchmore: What about this Wright Mill?

Mr. Bower: The Wright Mill was moved out in that territory a year or a year and a half ago primarily to work up some blown down timber, and they afterwards bought adjacent timber and they have been operating about six miles off our line.

Examiner Burchmore: I suppose they team their lumber over to

your line?

Mr. Bower: They do.

Examiner Burchmore: That is a mill that has a wagon haul on its logs into the mill, I suppose?

Mr. Bower: Yes, sir.

Examiner Burchmore: And a wagon haul of its lumber 2164 over to your line? Mr. Bower: Yes.

Examiner Burchmore: Can that mill successfully compete with your mill that owns the tap line and gets its logs into the mill substantially free of cost?

Mr. Bower: Well, no, it was not a matter of successful operation

The mill was really a contract-

Examiner Burchmore: It was a salvage proposition?

Mr. Bower: Yes, it was a salvage proposition; it was a contract made with the farmers who had the blown down timber, to go out and save what could be saved out of it.

Examiner Burchmore: Do the officers of your company receive

free interstate transportation over other lines?

Mr. Bower: Just one.

Examiner Burchmore: What one is that?

Mr. Bower: I do.

Examiner Burchmore: Do you use that pass?

Mr. Bower: Yes, sir.

Mr. Walter: Do you operate into Princeton? Mr. Bower: Yes, sir.

Mr. Walter: How many people live at Princeton?

Mr. Bower: I would say-oh, I do not know, 350 or 400 2165 people. It used to be the county seat of the county, but they have moved the court house, and it has depleted it somewhat. I do not know the exact population.

Mr. Walter: About how many people live along the line of your

road and adjacent territory?

Mr. Bower: Oh, I have not given that matter much thought.

Mr. Walter: Well, just a rough estimate? Mr. Bower: Two miles from this Section House spur or siding that I mentioned is the town of Holly Springs, probably 300 or 400 people there. The little town of Eaglet and around it is some little place, and I presume a conservative estimate, within a distance back a little on each side, 1000 people.

Mr. Walter: That territory through which you run is in part

agricultural?

Mr. Bower: Yes.

Mr. Walter: And as the timber land is cleared away farms are

being built up? Mr. Bower: There are a number of farms being opened up, yes, sir.

Mr. Walter: Those people will be there when the timber is 2166 gone?

Mr. Bower: Yes.

Mr. Walter: You have built a permanent road? Mr. Bower: Yes.

Mr. Walter: The intention is to devote it to the public use?

Mr. Bower: That was the intention.

Mr. Walter: And do you serve everybody that comes impartially?

Mr. Bower: We do.

Mr. Walter: Why have you not put on passenger service for hire?

Mr. Bower: Well, at the beginning of the railroad organization there was a feeling that the business would not justify us, and it has been the intention whenever we reached the point where it was justified and where there was a demand made for it, it would be put on. And just about one year ago I had the matter up with our people, and at that time the destruction of the tap line status as a common carrier was in question, and they advised me not to invest in any equipment until we found out what was going to be done.

Mr. Walter: If as a common carrier your status is estab-2167 lished, is it your intention to operate passenger service?

Mr. Bower: It is.

Mr. Walter: All the hardwood and other timber along your line must use your line as its outlet, must it not?

Mr. Bower: Yes, sir.

Mr. Walter: There is quite a lot of hardwood there?

Mr. Bower: A great deal of hardwood.

Mr. Walter: How many mills, three in addition to your own on your line?

Mr. Bower: Yes, sir.

Mr. Walter: And those are all served by you?

Mr. Bower: Yes.

Mr. Walter: Will your tonnage next year exceed the past year? Mr. Bower: It will.

Mr. Walter: And during the past year more than 5500 tons were shipped in which you had no interest at all except as a carrier?

Mr. Bower: Yes, sir. That is all with one exception now, the stave bolt business, there was some of that that was sold as standing timber to the stave company from the Eagle Lumber Com-

pany's holdings; their land; but it was sold at so much a 2168 cord and was worked up by them and transported on our line.

Mr. Walter: You had no interest in the shipment?

Mr. Bower: No interest whatever.

Mr. Walter: Have you had occasion to discuss with those people along your line that you serve as to their desire to have the common carrier status made permanent?

Mr. Bower: I have.

Mr. Walter: What do you find the view of those people to be? Mr. Bower: The view of the people to a man is that they do not know what they are going to do unless we put on that promised passenger service.

Mr. Walter: There is a strong public demand for it, is there? Mr. Bower: If a petition was circulated, every man, woman and

child along the road would sign it, if it did any good.

Mr. Walter. Those farmers along your line use it for shipping forest products as well as products of the farm?

Mr. Bower: Yes, sir.

Mr. Walter: So there is quite a number of carload ship-2169 ments?

Mr. Bower: Yes, sir. I think last year to farmers there were 13 carloads of fertilizer hauled over our line, to give you an idea of the farming interests there are there. Those farmers up to the present time have not been very strong on buying fertilizer, but they are coming to the front now.

Mr. Walter: If your line was not in operation there, state what would be the effect upon getting supplies of that character in, and

the material out that they produce?

Mr. Bower: Well, the end of the main line is 22 miles out, and the very nearest haul is 18 miles to a trunk line station—I will take that back, I am thinking only of the Cotton Belt. They might reach the Rock Island a little nearer than that.

Mr. Walter: It would be rather an expensive wagon haul, would

it not?

Mr. Bower: Yes, sir.

Mr. Walter: With small loads?

Mr. Bower: Yes.

Mr. Walter: Is there anything further that you would like to add

to what you have already said?

Mr. Bower: Well, I do not know as it is necessary to add much more. I will just mention a colonization scheme that is being talked of, but there will be nothing done with it until it is decided what will be done with the railroad.

Mr. Walter: What does that contemplate, speaking in a general

way?

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Mr. Bower: The Eagle Lumber Company has given a real estate concern an option on 17,000 acres of their cut-over lands, which are out from 10 to 18 miles from the Coton Belt terminus, from the road, and their proposition is to build a town and from that town radiate out and bring in colonists to open up that 17,000 acres of land.

Mr. Walter: That is dependent upon the determination of the

status of the road?

Mr. Bower: Further negotiations with respect to that depend upon the status of the road.

Mr. Walter: That is all.

Mr. Cowan: You spoke of a lot of contracts and arrangements which have bee nmade between the railroad company and the lumber company. How did the railroad company deal with the lumber company?

Mr. Bower: Well, you mean how did they deal at——Mr. Cowan: Yes, the lumber company decided to incor-

porate its railroad holdings into a railroad company.

Mr. Bower: I presume if you want to call a spade a spade that is

the way it was done.

Mr. Cowan: And it is simply play-like talk to talk about the railroad company dealing with the lumber company; they were all a single investment to begin on.

Mr. Bower: Yes, sir.

Mr. Cowan: And then the lumber company decided to do that and incorporated the railroad and issued the securities usual in such cases, and the property was turned over so that the railroad company as a corporation became the owner of certain parts of the property.

Mr. Bower: Yes, I think so.

Mr. Cowan: And the same people continued to operate both as they had been before?

Mr. Bower: Yes.

Mr. Cowan: And they operated it for the same purposes it had been before, of supplying the lumber company with logs for its mil! and getting the product out?

Mr. Bower: That is true with the exception of one feature of the case, and that is that prior to the organization of the railroad 2172 company there was no effort made to take care of anybody ex-

cept the private logging roads to the sawmill, and since that time there has been an effort made to do a railroad business rather than serving the mill company exclusively. Mr. Cowan: You would be compelled to haul any stuff after having incorporated, that anybody tendered you, as a common carrier.

Mr. Bower: Yes, sir, but there has been an effort made to encourage that class of business. We do not take it because we are compelled to, but we encourage it.

Mr. Cowan: Yes, you would be compelled to, because you are a

common carrier.

Mr. Bower: I understand.

Mr. Cowan: \$15.00 a car is the rate people pay to send their stuff off your line if they are independent?

Mr. Bower: Yes.

Mr. Cowan: If as a matter of fact your railroad company was an independent concern is there any reason you can see why the Eagle Lumber Company ought not to pay as much as the other fellow for hauling stuff out?

Mr. Bower: Probably not.

2173 Mr. Cowan: Are there other sawmills logging by railroadin your territory which do not secure divisions from the trunk lines?

Mr. Bower: I do not know of any.

Mr. Cowan: Are there any other small mills in your part of the country except the one you mentioned as being on your line or near it?

Mr. Bower: No, I know of none that are logging by railroad.

Mr. Cowan: Are there any sawmills on the main line of the trunk lines that log by team?

Mr. Bower: Yes. You mean on the Cotton Belt?

Mr. Cowan: Yes. To what extent is lumber produced that way? Mr. Bower: I know of none but small mills of say 10,000 daily capacity.

Mr. Cowan: The great bulk of the lumber in the State of Arkansas

is produced by mills logged by railroad?

Mr. Bower: Yes, sir, I think so.

Mr. Cowan: And in all the instances you know of they get a division somewhat similar to the way you get it, for the movement out of the lumber?

Mr. Bower: Yes, sir, most of them get higher divisions, !

2174 think.

Mr. Cowan: Well, as a business proposition, don't you think you are entitled, in justice to your commercial business, to just as good a division as somebody who happens to be on the Rock Island Road?

Mr. Bower: As a railroad proposition I believe we are entitled to

every cent we can get in the way of divisions.

Mr. Cowan: As it ultimately results to the benefit of the entire investment in both the lumber company and the railroad, don't you think as a business proposition, taking both as one investment, that you, being on the Cotton Belt, are at a disadvantage compared to a man on the Rock Island who gets 2 or 3 or 4 cents a hundred more than you do?

Mr. Bower: If I thought that strong enough, with the three or

four mile opening between us and the Rock Island, I think we would have connected it up to the Rock Island and delivered it to them a distance of 27 miles and be on a level with the other fellow.

Mr. Cowan: It would be a considerable undertaking to haul that

lumber 27 miles?

Mr. Bower: Yes, sir.

Mr. Cowan: And would probably cost you the difference 2175 between your division and what the Rock Island fellow gets, don't you think so?

Mr. Bower: Well, I do not know. Mr. Cowan: Well, if you had your mill on the Rock Island, that would be a different thing.

Mr. Bower: Yes.

Mr. Cowan: And it would cost you considerable money to build

that extra track and maintain it?

Mr. Bower: Yes, it would in a sense. It is hilly country, but if as has been suggested, the entire operation of the lumber plant and the railroad is one and the same thing, I will say that the lumber company owns timber extending right up within a quarter of a mile of the Rock Island Railroad.

Mr. Cowan: Then ultimately you will use that timber by extend-

ing your road or putting a mill over at the Rock Island?

Mr. Bower: No, it will all be logged with a spur track, I think. Mr. Cowan: I believe you have stated what divisions you get?

Mr. Bower: Yes, sir.

Mr. Cowan: This 5,000 tons of other freight than that handled for the lumber company or controlling interest is principally of the lumber of those two mills you have spoken of?

Mr. Bower: Principally lumber?

Mr. Cowan: Yes.

Mr. Bower: No, it is not. There is a large percentage of that that

is stave bolts and split staves.

Mr. Cowan: You will be requested, no doubt-you are going to request them all to file these commodity statements which have been spoken of?

Examiner Burchmore: Yes.

Mr. Cowan: So I will not go into it.

Examiner Burchmore: You have heard this request, Mr. Walter?

Mr. Walter: Yes.

Examiner Burchmore: I wish you would furnish one for each of your companies, and also the map. Mr. Walter: Yes, a blue print.

Examiner Burchmore: Or an ink map, either one.

Mr. Walter: I do not know that I understand you. You have joint rates on yellow pine lumber through to interstate destinations?

Mr. Bower: Yes.

Mr. Walter: If yellow pine lumber is hauled for some 2177 other concern than your own, is it not handled at that joint rate?

Mr. Bower: It is, if it goes to interstate points.

Mr. Walter: And no local charge?

Mr. Bower: No local charge, and this man Williams whom I have mentioned, when the rates were first cancelled, when the order of cancellation of the interstate rates was made, in some way was informed of it, and wrote a letter which he sent to me with the request to send it to the Interstate Commerce Commission, but the suspension of the cancellation was made before I received his letter and I did not forward it on. In this letter he stated that he had purchased his timber in that vicinity with the distinct understanding that his interstate movements would move on the joint route and rate, and that he would consider the cancellation of that a great injustice to him because he estimated that he had at least 200 cars a year that would move interstate.

Mr. Walter: For how long a time?

Mr. Bower: I do not think he said. I do not know the extent of

his timber holdings.

Mr. Walter: I will ask you whether all the relations of the railroad company and the lumber company are kept separate, and their corporate individuality recognized both by the railroad company and by the lumber company?

Mr. Bower: Yes, sir.

Mr. Coleman: If I understood you correctly, you estimate the weight of your logs at 6,000 pounds per 1,000 feet.

Mr. Bower: I think that was the estimate which was put on them.

Mr. Coleman: How did you arrive at that estimate?

Mr. Bower: Well, I could not say. It has been handed down to I may be mistaken about 6,000; it is either 6,000 or 8,000; but when I was asked the question I said 6,000.

Mr. Coleman: Is it your candid opinion that the logs will not

weigh more than 8,000?

Mr. Bower: I do not believe they would, although I never saw a pine log weighed in my life.

Mr. Coleman: Never made the test?

Mr. Bower: Never made the test, and we have no track scales, and it is estimated weights throughout.

Mr. Coleman: Then you will raise your estimate to 8,000? Mr. Bower: Well, I am hardly competent to say.

Examiner Burchmore: When you return to your office, if 2179 you should discover your testimony is incorrect and you find it should be 8,000, you will write a letter to the Commission?

Mr. Bower: Yes. Mr. Walter: I think he said 8,000.

Mr. Bower: My impression is I said 6,000, when I was asked the question.

Mr. Coleman: I think if you will cause a test weight to be made of logs, you will find even in the shortleaf territory they will weigh in excess of 10,000 pounds.

Examiner Burchmore: You might advise the Commission further in that respect by any statement you care to make as to the

weight of logs, Mr. Bower. Mr. Bower: All right. I am liable to be mistaken about that. I say offhand I do not know what logs do weigh.

(Witness excused.)

Groveton, Lufkin & Northern Railway. 2180

J. C. Anderson, was called as a witness, and having been duly sworn, testified as follows:

Examiner Burchmore: You are an officer of the Groveton, Lufkin & Northern Railway?

Mr. Anderson: Yes, sir; vice-president.

Examiner Burchmore: Are you an officer of any lumber company, and if so, what company and what office?

Mr. Anderson: Trinity County Lumber Company, manager. Examiner Burchmore: Where are the mills of the Trinity County

Lumber Company located?

Mr. Anderson: They are located near Groveton, just across the

railroad tracks from the town of Groveton.

Examiner Burchmore: I understand the line of the Groveton, Lufkin & Northern Railway extends from Lufkin in the State of Texas, where a connection is made with the St. Louis, Southwestern and Houston East & West Texas into Eastern Texas, through the town known as Vair-

Mr. Anderson: It is the junction; there is no town there.

Examiner Burchmore: Yes, a junction point with the Texas Southeastern.

2181 Mr. Anderson: Yes, sir.

Examiner Burchmore: To Groveton, the other terminus, where a junction is made with the Missouri, Kansas & Texas system.

Mr. Anderson: Yes, sir; that is correct.

Examiner Burchmore: The mill you stated is located at Grove-

Mr. Anderson: Near Groveton. The Missouri, Kansas & Texas divides the place. Our mill is located on one side of the railroad and the town proper and court house, stores and business of Groveton is on the other side.

Examiner Burchmore: Your mill is located very close to the right of way of the M. K. & T.?

Mr. Anderson: I should judge nearly a quarter of a mile, if not quite. Our lumber vards run up almost to the right of way of the M. K. & T. The mill is on the far side.

Examiner Burchmore: Where is your planing mill?

Mr. Anderson: It is also on the far side, about the same distance from the M. K. & T. as the saw mill.

Examiner Burchmore: And where is your loading platform? Mr. Anderson: At the planing mill and west of the planing mill, all about the same distance from the main line of the M. K. & T.

2182 Examiner Burchmore: The place where the cars are actually loaded is about one thousand feet from the main line of the M. K. & T.?

Mr. Anderson: I should judge it was two thousand feet. I never measured it, but it is not less than a quarter of a mile.

Examiner Burchmore: When was this mill at Groveton opened? Mr. Anderson: About twenty-nine years ago, in 1882, to be exact, in the spring.

Examiner Burchmore: Was it then operated by the Trinity

County Lumber Company? Mr. Anderson: Yes, sir.

Examiner Burchmore: When was this railroad begun? Mr. Anderson: The Groveton, Lufkin & Northern?

Examiner Burchmore: Yes.

Mr. Anderson: In the spring of 1907.

Examiner Burchmore: The first part of the railroad was constructed?

Mr. Anderson: Yes, sir.

Examiner Burchmore: Then there was no railroad there at all until 1907?

2183 Mr. Anderson: Yes, sir, there was a railroad there twenty-five years ago.

Examiner Burchmore: A part of the present line of the railroad? Mr. Anderson: No, sir; no part of it.

Examiner Burchmore: Just tell me about that without my asking

the questions.

Mr. Anderson: The Trinity County Company was logging its mill from the south of the M. K. & T. railroad with a narrow gauge railroad. In the spring of 1907 it was decided to build an outlet for the product of the mill because they were having a good deal of trouble with car shortage and they were shut out from a good many markets on account of not being able to get freight rates, and they began the construction of what is now the Groveton, Lufkin & Northern Railway. It was built during the years of 1907 and 1908; it was opened up as a railroad—if you will allow me to explain it in my own words I can possibly save you some time. It was opened for traffic on the last day of November two years ago, 1908. The Trinity County Lumber Company at that time owned twenty miles of logging road and still owns them and is still operating them log-

ging the mill, but it has no connection whatever with the 2184 Groveton, Lufkin & Northern Railway, and no part of the material or equipment that the Trinity Lumber Company

owned ever went into the Groveton, Lufkin & Northern.

Examiner Burchmore: That is on the other side of the M. K. & T. Mr. Anderson: No. About the time we began building the Groveton, Lufkin & Northern we exhausted the timber to the south of the mill and began operating with a standard gauge road north of the M. K. & T. track.

Examiner Burchmore: Towards Lufkin?

Mr. Anderson: Well, we first went off in a northerly direction and cut out a belt of timber that we had been operating in for a couple of years and we are now operating directly east of the town of Groveton and the mill and the lumber company still owns the old logging road, the rails and cars and engines and everything that was connected with it. No part of it ever went into the building of the Groveton, Lufkin & Northern Railway. That was a proposition that was built new from the start.

Examiner Burchmore: But the old logging road was taken up and a new one constructed?

2185 Mr. Anderson: We are changing those roads constantly;

ves, sir.

Examiner Burchmore: Was the main line of the Groveton, Lufkin & Northern Railway availed of by the Trinity County Lumber Company for the movement of logs?

Mr. Anderson: We run our logs over a mile and a half of the Groveton, Lufkin & Northern railroad just before we get to the edge

of town.

Examiner Burchmore: And what compensation is paid for that?

Mr. Anderson: We have never paid any. There has been a contract contemplated and talked of, but it never has been reduced to writing or enforced; it is only recently, beginning about the first of the month, that we began operating that branch. We did after the first eleven months of this year log about four miles, or to be exact about three and one-half miles over the tracks of the road cutting out a little timber that we had a short time lease on. We ran over the Groveton, Lufkin & Northern three and a half miles for the first eleven months of this year. That track has been taken up and we are now running over about a mile and a half over the Grove-

2186 ton, Lufkin & Northern tracks. We do that more to avoid a grade crossing. We have our old logging road parallel with the main line of the Groveton, Lufkin & Northern this distance, and could still take our logs to the mill without going on to the tracks of the Groveton, Lufkin & Northern, but in order to avoid putting in a crossing we run over a mile and a half of the tracks of the Groveton. Lufkin & Northern.

Examiner Burchmore: As a matter of fact the use of those tracks

entails no considerable added burden on this railroad anyway?

Mr. Anderson: No, we thought very little.

Examiner Burchmore: No- what is the total mileage owned by the Groveton, Lufkin & Northern?

Mr. Anderson: Twenty-one and one quarter miles.

Examiner Burchmore: What is the northern terminus of that line?

Mr. Anderson: Lufkin. We reach Lufkin over thirteen and three quarter miles of the Texas Southeastern, by lease.

Examiner Burchmore: Where do you join the Texas Southeastern?

Mr. Anderson: At Vair. We were building to Lufkin and the Texas Southeastern people, having a line practically over the route that we would have gone, made a proposition to us to use their tracks from this junction point, and we did. The basis of that contract is that we pay three per cent on the fixed value of their thirteen and three-quarter miles of track, and we pay our proportion of the maintenance on a wheelage basis.

Examiner Burchmore: Is that contract filed with the Commission?
Mr. Anderson: Yes, sir, I think so. I know it is filed with the
State Commission and I am sure it is with the Interstate Commerce

Commission: Is that right?

Mr. Helmick: I think not with the Interstate Commerce Commission.

Mr. Anderson: I do not know, it is a state proposition. I do not known whether the Interstate Commerce Commission asked for it or wanted it.

Mr. Garwood: We will file it if it is not filed.

Examiner Burchmore: Is the Texas Southeastern understood to be owned by any lumber company?

Mr. Anderson: I think the ownership is something like ours; it is owned by the people who own and control the Southern

2188 Pine interests, that is my impression. I have not any information on that. They have a mill on the Houston East & West Texas at Dibell.

Examiner Burchmore: Are there any branch lines of this railroad?

Mr. Anderson: The Groveton, Lufkin & Northern?

Examiner Burchmore: Yes, sir.

Mr. Anderson: None, except the branch to our planing mill at Groveton.

Examiner Burchmore: Well, does the Texas Southeastern have trackage rights over your road for any distance?

Mr. Anderson: No. sir: none at all.

Examiner Burchmore: The line of the Texas Southeastern at this point runs in a general east and west direction?

Mr. Anderson: Yes, sir, and they have a number of branches though; they run from Vair up north; they are operating north.

Examiner Burchmore: Up to Lufkin?

Mr. Anderson: Well, that is on the east side of the Neches River—I mean on the west side; they also have a branch which runs off in that direction.

Mr. Garwood: Here is a map of the Texas Commission.

Examiner Burchmore: I correctly understand that that division of the M. K. & T. with which you connect is not a part

of its main line, but it is a detached line?

Mr. Anderson: No. it is locally known as the "Katy Orphan." It is a little offshoot. They cut off—Trinity is their nearest point to the main line. They use the I. & G. N. from Trinity to Houston or from Trinity to Mineola.

Examiner Burchmore: I presume your principal connection is the

Houston East & West Texas?

Mr. Anderson: Not necessarily. We connect with the Cotton Belt and the Houston East & West Texas at Lufkin and we also do business with the M. K. & T.

Examiner Burchmore: When was this railroad incorporated?

Mr. Anderson: The Groveton, Lufkin & Northern?

Examiner Burchmore: Yes. In 1907?

Mr. Anderson: It was chartered May 15, 1908.

Examiner Burchmore: After the constuction was completed?

Mr. Anderson: Well, it was in course of construction at that time.

We began its construction more than a year before, 1907.

Examiner Burchmore: How was the railroad financed? Mr. Anderson: The Trinity County Lumber Company was 2190

the uncle we went to for money. Examiner Burchmore: What is the total capital stock of the rail-

road company?

Mr. Anderson: Fifty thousand dollars. Examiner Burchmore: All issued?

Mr. Anderson: All issued and all paid for.

Examiner Burchmore: Was that issued indirectly in the form of a dividend to the stockholders of the lumber company?

Mr. Anderson: No, it was issued for real money, eash paid in.

Examiner Burchmore: Who paid in that cash?

Mr. Anderson: The stockholders.

Examiner Burchmore: How did they secure the cash?

Mr. Anderson: I cannot tell you. I secured part of it by working

Examiner Burchmore: The stockholders-

Mr. Anderson: It was all paid up in cash and it all went into the treasury of the railroad company.

Examiner Burchmore: The two companies are substantially one

in interest, are they not?

Mr. Anderson: To a very large extent. 2191

Examiner Burchmore: Are there any minority holdings in either company which are separate and distinct from the holdings of the other?

Mr. Anderson: Yes, sir; there are five residents of Texas who hold a small interest in the railroad who are not interested in the lumber

Examiner Burchmore: They only hold five shares?

Mr. Anderson: One share each for the purpose of qualifying them as directors.

Examiner Burchmore: But all the stockholders of the lumber company own stock in the railroad company?

Examiner Burchmore: And substantially in proportion?

Mr. Anderson: Yes, sir. I might say exactly in proportion except for the five shares I spoke of.

Examiner Burchmore: The officers of the two companies are sub-

stantially the same?

Mr. Anderson: They are not. I am the only exception to that. The officers of the lumber company are entirely different from the officers of the railroad company with the exception that I happen to be the manager of the lumber company and vice-president of the railroad company.

Examiner Burchmore: All the officers of the railroad com-2192 pany are either employees or otherwise interested in the lum-

ber company?

Mr. Anderson: No, sir; not at all. Examiner Burchmore: The contrary is the fact?

Mr. Anderson: Yes, sir; I can give you the history of that if you The officers of the railroad company, Mr. Seaman is president and has no interest in the lumber company. I am vice-president, Mr. W. J. Helmick is general manager, and up to two months ago W. P. Smith was the auditor and traffic manager of the railroad company. The officers of the lumber company, David Joyce is president, D. J. Batchelder is vice-president, James Stanley Joyce is secretary, and W. A. Remick is treasurer.

Examiner Burchmore: Mr. Seaman is president of the Tremont &

Gulf?

Mr. Anderson: Yes, sir.

Examiner Burchmore: What is the weight of the rails in this railroad?

Mr. Anderson: Sixty pounds. Examiner Burchmore: Steel? Mr. Anderson: Yes, sir.

2193 Examiner Burchmore: Standard gauge.

Mr. Anderson: Yes, sir.

Examiner Burchmore: Is the road substantially constructed?

Mr. Anderson: It is said to be as good a road as there is in East Texas. I think so and I have been told that by railroad men who have been over it and examined it.

Examiner Burchmore: Is this road as well built as the connecting

line of the M. K. & T.?

Mr. Anderson: A great deal better, or than either of our other connections; I do not think I exaggerate when I say it is a better road than the Houston East & West Texas and the Cotton Belt.

Examiner Burchmore: You naturally take pride in that fact? Mr. Anderson: Well, we endeavored to make a first class road out of it when we built it, and we tried to-the general superintendent of the Houston East & West Texas has stated a number of times that it was a better road than his and better than the I. & G. N.

Examiner Burchmore: It is graded?
Mr. Anderson: Yes, sir.
94 Examiner Burchmore: Is it ballasted?

2194

Mr. Anderson: No, we have no ballast. We have no rock or gravel in our country. The only ballast or what could be claimed to be ballast is that we put about forty or fifty thousand yards of clay on; it is something I never saw before and I do not know how to describe it. We got it out with a steam shovel and we blasted it out and put it under the road after the contractors got through with it and made a good roadbed.

Examiner Burchmore: What station buildings have you?

Mr. Anderson: We have small stations at Lacey and a station called Helmic and one called Apple Springs. We use the terminal at Groveton of the M. K. & T., and the terminal at Lufkin of the Cotton Belt under lease, for which we pay a substantial consideration.

Examiner Burchmore: Have you any track scales? Mr. Anderson: Yes, sir; we have a pair of track scales.

Examiner Burchmore: Water tank?

Mr. Anderson: Yes, sir.

Examiner Burchmore: I suppose you have team tracks for less than carload freight?

Mr. Anderson: We have the team tracks of the M. K. & T. at Groveton and the Cotton Belt at Lufkin. We have cotton 95 platforms at the three stations I have mentioned and also Examiner Burchmore: How many locomotives does this road

iting rooms for passengers.

n? Mr. Anderson: One.

Examiner Burchmore: How many does it lease?

Mr. Anderson: None, except in case of accident or emergency. We ve at times rented an engine from the lumber company while our gine was undergoing repairs.

Examiner Burchmore: What other rolling stock have you, and is

owned or leased?

Mr. Anderson: We do not lease anything in the way of rolling ock. We have one passenger coach, one combination coach, eight x cars, twenty-one flat cars, a pile driver mounted on a car, one otor car, "Joy Rider" as the Judge said the other day, four hand rs that are used by section men going to work, four push cars and e steel car that has been used since the road started.

Examiner Burchmore: These box cars, are they used in the local

ork?

Mr. Anderson: No. We originally had sixteen of thouse but several of them have been destroyed and we have sold four 196 and the others are used principally in local freight, carrying ackage freight between Groveton & Lufkin.

Examiner Burchmore: You formerly had more than one locomo-

ve?

Mr. Anderson: Yes, we had two, but we found as our business inreased that they were both rather light for the traffic and we sold nem both and bought a new locomotive. I think in August of this

ear. Examiner Burchmore: As a matter of fact did you not have three? Mr. Anderson: No, we never had but two. We had one locomoive about forty thousand pounds weight I should judge of the pasenger type and one about fifty thousand pounds, ten wheeler that we sed in the main line work.

Examiner Burchmore: While our examiner was on the ground in

910 he thought he saw three locomotives.

Mr. Anderson: He might have seen—the lumber company have our and he might have mistaken one of theirs for ours, but the road never had but two.

Examiner Burchmore: He writes that you had three locomotives, and all the information he obtained was cheerfully furnished

by Mr. Helmick,

2197 Mr. Anderson: Well, that was an error on somebody's part. We never owned but two and we sold them last spring and bought a sixty-five ton locomotive which is now hauling our train. There is a photgraph of it. (Handing photograph.)

Examiner Burchmore: Do you offer this in evidence?

Mr. Anderson: You can have it if you like. I have several of them.

Examiner Burchmore: As you choose.

Mr. Anderson: I merely offer it to show you we have a pretty good locomotive.

(The paper so offered and identified was received in evidence and thereupon marked Groveton, Lufkin & Northern Exhibit 1, Witness Anderson, received in evidence December 15, 1910, and is attached hereto.)

Examiner Burchmore: The lumber company equipment does not move over this railroad?

Mr. Anderson: Except over the mile and a half we spoke of.

Examiner Burchmore: I think their equipment may be disregarded for the present.

Mr. Anderson: The lumber company's locomotives never go on the tracks of the railroad company except that mile and a half I mentioned.

Examiner Burchmore: How many section gangs have you?

Mr. Anderson: Three.

Examiner Burchmore: You have three section gangs and four hand cars?

Mr. Anderson: Well, we have an extra one. We were a little lib eral when we bought them and we have an extra one.

Examiner Burchmore: Do they also work on the logging road?

Mr. Anderson: No.

Examiner Burchmore: How many station agents or employees

have you?

Mr. Anderson: We use a joint agent at Lufkin and Groveton of the Cotton Belt and Katy, respectively. We have a station agent whose office is where the headquarters of the road at Groveton is and he acts as station agent and does all the billing from the planing mill and shipping sheds of the lumber company; and we have an arrangement with the Post Master at two intermediate stations who sells tickets for us on commission. We do not pay them a salary and they

do not handle any money for freight. They are prepay sta

tions so far as freight goes.

Examiner Burchmore: You have one train crew?

Mr. Anderson: We have one train crew.

Examiner Burchmore: Are there any employees of the general offices of the railroad company?

Mr. Anderson: Yes, sir, the general manager and Mr. Helmick. the auditor and car accountant and the station agent I spoke about.

Examiner Burchmore: Those men are paid their entire compensation by the railroad company?

Mr. Anderson: Yes, sir.

Examiner Burchmore: And as a matter of fact perform no service for the lumber company except in their capacity as railroad agents? Mr. Anderson: That is all.

Examiner Burchmore: By whom is this Trinity County Lumber

Company controlled?

Mr. Anderson It is owned by Chicago people, a few of the stockholders and small holdings are scattered. One lives in California and one in Clinton, Iowa, but the majority of stock is held in Chicago.

Examiner Burchmore: Is it not controlled by the Southern Investment Company?

Mr. Anderson: No, sir. They have nothing to do with it. 2200

I can give you the stockholders if you wish. Examiner Burchmore: Well, no; further than to ask if Mr. William T. Joyce & Company do not own a maiority?

Mr. Anderson: The William T. Joyce Company, an Illinois corporation, owns a majority of the stock of the Trinity County Lum-

ber Company.

Examiner Burchmore: And the rest is owned by interests allied to

that company?

Mr. Anderson: No, not at all. There are a number of people who own stock who are in no wise connected with the company. Batchelder is a large stockholder and has no connection with it. Earl of Stockton, California, is a large stockholder. Mrs. Fall, I think, lives at Clinton, Iowa; at any rate she formerly came from there. I think she holds one hundred and fifty shares of stock, I am sure she does.

Examiner Burchmore: Is this railroad a part of any system of

railroads?

Mr. Anderson: No.

Examiner Burchmore: It is not allied to any other tap 2201 line?

Mr. Anderson: Not at all.

Examiner Burchmore: Do you maintain a regular train service.

and, if so, give the particulars.

Mr. Anderson: We run one train a day each way leaving Groveton in the morning and arriving at Lufkin about eleven o'clock. connecting with the Houston East & West Texas both north and south, leaving there after the arrival of their train and reaching Groveton at three thirty in the afternon, connecting with the M. K. & T. train going west in the afternoon. We take passengers from the M. K. & T. in the morning and connect with them at Groveton in the morning and afternoon and we connect with the Houston East & West Texas at Lufkin both north and southbound trains, they arrive there about noon about the same time.

Examiner Burchmore: Do you issue a time schedule?

Mr. Anderson: Yes, sir. Examiner Burchmore: You may file a copy of that if you desire.

Mr. Anderson: I would be pleased to.

Examiner Burchmore: This is a mixed train?

Mr. Anderson: Yes, sir, we haul one pasenger coach and 2202 one combination passenger and baggage, and one coach that carries passengers and baggage and express. Examiner Burchmore: Do you carry the mail?

Mr. Anderson: Yes, sir.

Examiner Burchmore: Is there any freight carried on this train? Mr. Anderson: Yes, sir; all the freight is carried on that train. Examiner Burchmore: You do not run any other train?

Mr. Anderson: No, sir; that is the reason we bought the larger locomotive, so we could handle all the business with one train.

Examiner Burchmore: Does it make good speed?

Mr. Anderson: Yes, sir, they run fast enough.

Examiner Burchmore: What is the extent of your passenger traffic?

Mr. Anderson: For the fiscal year ending last June, the 30th, we carried about nineteen thousand passengers, and the business—

Examiner Burchmore: All revenue passengers?

Mr. Anderson: Yes, sir. And the business for the five 2203 months of the present fiscal year would indicate a passenger traffic of about twenty-four thousand for this year.

Examiner Burchmore: What revenue from that traffic? Mr. Anderson: Last year it was twelve thousand dollars. Examiner Burchmore: Any passengers carried free?

Mr. Anderson: No, sir; except railroad employees that are entitled to a pass.

Examiner Burchmore: Do the mill employees pay fare? Mr. Anderson: They do if they travel on our train?

Examiner Burchmore: Do you issue any annual passes to the officers of other railroad companies?

Mr. Anderson: Yes, sir. We are extremely liberal with them Examiner Burchmore: I suppose you receive passes liberally?
Mr. Anderson: Well, not liberally. We have I think three in our ffice. I have a pass, Mr. Helmick has one, and Mr. Smith, who

was formerly our traffic man, had a pass.

Examiner Burchmore: And you gentlemen use those passes?

Mr. Anderson: I do, and I presume they do.

Examiner Burchmore: Are the passes you issue ever presented by the holders?

Mr. Anderson: Oh, ves.

2204 Examiner Burchmore: We have one or two companies that issue passes who could not induce the holders to ride on them.

Mr. Anderson: They come to see us. One man said they do not come to them, but they do come to see us.

Examiner Burchmore: What is the total value of your freight movement?

Mr. Anderson: In tons or money?

Examiner Burchmore: Well, I think, if I remember the figures last year our tonnage was sixty thousand seven hundred and twenty-eight tons.

Examiner Burchmore: That is a substantial increase over the preceding year, as I understand?

Mr. Anderson: Yes, sir, we only had it part of the year; we only had been in operation seven months before that.

Examiner Burchmore: What percentage of that tonnage is fur-

nished by the Trinity County Lumber Company?

Mr. Anderson: I cannot give you that in tons, but I can give the money. The revenue from that sixty thousand tons was fifty-eight thousand dollars in round numbers. Of that the lumber company was forty-three thousand dollars and the merchandise, mail.

2205 express, baggage, demurrage, passengers and other revenue was \$25,400. That would indicate about thirty-five per cent of business outside of lumber.

Examiner Burchmore: That makes \$68,000?

Mr. Anderson: Well, I took this hurriedly from our books. vill have to correct that and will give it to you and file it later.

Examiner Burchmore: I suggest you advise the Commission of my corrections which should be made in the figures you have testified o. I would make that same suggestion to any witness who appears, f you find in the transcript you are quoted as saying something hat is incorrect or inaccurate, you should advise the Commission of it.

Mr. Garwood: There is the exhibit we had printed, which is at-

ached to the petition in the case. Examiner Burchmore: There are figures already given then in this record?

Mr. Garwood: Yes.

Mr. Anderson: I think you have all the figures in our annual report.

Examiner Burchmore: Well, we have, but for the benefit of counsel I think some of these final figures should be stated into the record. Counsel have not access to all our annual reports. 2206

What is the nature of your carload traffic other than lumber? Mr. Anderson: Well, we haul cotton and wagons and staves and any merchandise that is offered for shipment, feed, hay, grain and so forth.

Examiner Burchmore: What switching services do you perform.

if any?

Mr. Anderson: Our switching service is very small. I think we switched a few cars of wood out from the saw mill for the Trinity County Lumber Company, I think about two hundred dollars last year was the revenue from that.

Examiner Burchmore: Do any of your passengers travel under coupon tickets or other forms of tickets that are signed by other

railroads?

2207

Mr. Anderson: I think not. I think we only have local tickets.

Examiner Burchmore: You do have local tickets?

Mr. Anderson: Yes, sir.

Examiner Burchmore: And some passengers pay cash fare on the train?

Mr. Anderson: Oh, yes; our conductor collects it.

Examiner Burchmore: Have you filed with the Interstate Commerce Commission any local rates applying over your line applicable to interstate movement?

Mr. Anderson: Yes, sir.

Examiner Burchmore: You are also parties to joint through

Mr. Anderson: Yes.

Examiner Burchmore: Joint through rates on class traffic?

Mr. Anderson: Yes, sir.

Examiner Burchmore: And also on lumber and forest products?

Mr. Anderson: Yes, sir.

Examiner Burchmore: With respect to these class rates, do the Texas common point rates apply from stations on your line or are you in other territory?

Mr. Anderson: Yes, they do.

Examiner Burchmore: With respect to lumber, are the joint rates on lumber from the stations on your line the same as the rates published from group stations in that vicinity on other roads?

Mr. Anderson: Yes, sir.

Examiner Burchmore: You receive divisions on joint lumber rates?

Mr. Anderson: Yes, sir.

Examiner Burchmore: What are the divisions you receive on traffic in lumber interchanged with the Houston East & West Texas?

Mr. Anderson: Do you mean what amount we receive?

Examiner Burchmore: Yes, as a division,

Mr. Anderson: I am not right sure about that, but I think about three cents, three to five. I do not think there is anything less than three; there may be some few points where we get less than three cents.

Examiner Burchmore: I think you get two to some points. Mr. Anderson: Possibly we do. How is that, Mr. Helmick?

Mr. Helmick: One and one-half cents to five points. Examiner Burchmore: How about the M. K. & T.?

Mr. Anderson: They vary from as low as one cent to as high as five.

Examiner Burchmore: I thought you got a uniform division with the M. K. & T. of four cents?

Mr. Anderson: No. I wish we did.

Examiner Burchmore: That has never been the situation?

Mr. Anderson: No.

2209 Examiner Burchmore: How about the St. Louis Southwestern?

Mr. Anderson: Our division varies there. That probably runs the same as the H. E. & W. T. I am not right clear on the details of these divisions. I may make an error, but it will not be a very

grave one if I do.

Examiner Burchmore: I have a division sheet marked St. Louis Southwestern No. 1561, dated January 2, 1909, basis for dividing through rates between Mississippi and Missouri River points and points in defined territories, and stations on the Groveton, Lufkin & Northern, and this division sheet shows a uniform division to your line of four cents by the St. Louis Southwestern.

Mr. Anderson: If you want the details of that you will have to wait until Mr. Helmick or Mr. Smith are on the stand. They are

familiar with them and I am not, only in a general way.

Examiner Burchmore: Are there any other saw mills on your ine?

Mr. Anderson: Yes, sir; two.

Examiner Burchmore: Where are they and what is the extent of their traffic?

Mr. Anderson: They ship from the station called Helmic. 2210 about twelve miles from Groveton; one is located about one hundred or two hundred yards from the main line with a switch into their yard and the other man hauls his lumber into our side track and loads it. One mill is owned by Wood & McGee. We have a side track into their mill. The other mill is not now in operation. It has been, however, since we have been operating up

to three or four months ago.

Examiner Burchmore: In the case of shipments of lumber which move out from your road through Groveton and over the M. K. & T., the only service that you perform under these divisions is a haul of one or two thousand feet over to that road?

Mr. Anderson: You mean from our planing mill to the M. K. &

Examiner Burchmore: Yes.

Mr. Anderson: We haul it something over a mile and weigh it

Examiner Burchmore: You haul it somewhere else in order to

weigh it?

Mr. Anderson: No, as I remember it, it is seven thousand feet from the Junction of the M. K. & T. to the end of our planing mill tracks. 2211

Examiner Burchmore: I thought you said it was about

two thousand feet?

Mr. Anderson: I said directly across from the station of the M.

K. & T. to our planing mill. Examiner Burchmore: Well, I do not understand the lay of the

land.

Mr. Anderson: I can show that to you.

Examiner Burchmore: Never mind that now, because we have called for a map.

Mr. Garwood: We have a map of the terminals here.

(The witness then explained the map to the Examiner.)

Mr. Garwood: We offer the maps showing the terminals of the Groveton, Lufkin & Northern at the town of Groveton and desire leave to withdraw the originals and file duplicates.

(The maps so offered and identified were received in evidence, and thereupon marked Groveton, Lufkin & Northern Exhibits Nos. 2 and 3, Witness Anderson, received in evidence December 15, 1910, and are attached hereto.)

Examiner Burchmore: The mill at Groveton is on the opposite side of the M. K. & T. from your line entrance into Grove-2212 ton?

Mr. Anderson: Yes, sir.

Examiner Burchmore: You cross the M. K. & T. at that point and have trackage rights for some distance over its line?

Mr. Anderson: We have trackage rights from here (indicating). Mr. Garwood: When you say here use some expression that will indicate to the stenographer what it is.

Mr. Anderson: We have trackage rights for one mile from the sta-

tion at Groveton.

Examiner Burchmore: And also have the joint use of the station? Mr. Anderson: And all their terminals.

Examiner Burchmore: What is the length of your haul on lumber from the mill moving out over the M. K. & T.?

Mr. Anderson: I should say a mile and a quarter.

Examiner Burchmore: In that mile and a quarter haul you stop and weigh the lumber?

Mr. Anderson: Stop and weigh the lumber and deliver it to them

on this interchange track.

Examiner Burchmore: As indicated on the map?

2213 Mr. Anderson: Yes, sir. Our engine hauls the cars out here, goes down to the scales and weighs them and shoves them back, and the M. K. & T. trains take them on the interchange track.

Examiner Burchmore: Who issues the bills of lading on outbound shipments of lumber moving out over the M. K. & T.?

Mr. Anderson: The Groveton, Lufkin & Northern-

Examiner Burchmore: And that bill of lading shows the town

of Groveton as the point of origin?

Mr. Anderson: No, it shows Atmar. The end of the line there is called Atmar to distinguish it from Groveton. The agent at Groveton has nothing to do with billing our lumber. That is done by our station agent.

Examiner Burchmore: In the case of lumber moving in the other direction over your line you haul the lumber from the mill and

weigh it on the M. K. & T. track?

Mr. Anderson: What other direction? Examiner Burchmore: Through Lufkin?

Mr. Anderson: We weigh it on our own tracks. We do not weigh anything on the M. K. & T. tracks. They have no 2214 scale.

Examiner Burchmore: I thought the Katy had the track.
Mr. Anderson: No, it is the right of way; if you will notice, the scales are about the middle of our half of that interchange track, and we put the scales in.

Examiner Burchmore: You weigh it on that same scale?

Mr. Anderson: Yes, sir and carry it down to Groveton where it is put on this spur and that is where our train starts from in the morning.

Examiner Burchmore: Marked "Front of Katy depot"?

Mr. Anderson: Yes.

Examiner Burchmore: In the case of a shipment which moves out through Lufkin instead of through Groveton, you weigh it in the same manner on the same scales?

Mr. Anderson: Yes.

Examiner Burchmore: And then haul it in the opposite direction to the point of interchange?

Mr. Anderson: Yes.

Examiner Burchmore: Does this company make an effort to comply with all the Federal and state laws regulating common carrier railroads?

Mr. Anderson: We do.

Examiner Burchmore: What is the valuation of this road,

including or excluding equipment?

2215 Mr. Anderson: Including equipment I do not know what the value is, but we paid \$487,000 for it.

Examiner Burchmore: That is what it cost you? Mr. Anderson: That is what it cost us, yes.

Examiner Burchmore: And you constructed it?

Mr. Anderson: We bought it, yes.

Examiner Burchmore: The lumber company built it?

Mr. Anderson: The lumber company built it and turned it over to the railroad company as a going concern. We bought the railroad one afternoon and went to operating it the next morning carrving passengers and freight.

Examiner Burchmore: Did the lumber company operate it pre-

vious to the purchase?

Mr. Anderson: No.

Examiner Burchmore: Then you instituted the service when you bought the road?

Mr. Anderson: Yes.

Examiner Burchmore: Did the lumber company make a profit on this railroad?

Mr. Anderson: A very little; yes, sir.

Examiner Burchmore: It sold it substantially at cost? 2216 Mr. Anderson: Yes, sir. It cost the lumber company in round figures \$400,000 to build.

Examiner Burchmore: Did you give the capitalization of this company?

Mr. Anderson: \$50,000.

Examiner Burchmore: What bonds has it?

Mr. Anderson: \$437,000 and the two make \$487,000.

Examiner Burchmore: The cost of the road?

Mr. Anderson: The cost of the road.

Examiner Burchmore: Who holds those bonds, the stockholders? Mr. Anderson: I think they are owned by the Trinity County Lumber Company insofar as I know.

Examiner Burchmore: What do they pay on those bonds?

Mr. Anderson: Five per cent.

Examiner Burchmore: Has the road a surplus?
Mr. Anderson: No. We have managed to accumulate, as the gentleman said a while ago, a small deficit.

Examiner Burchmore: Have you paid any dividends?

Mr. Anderson: Never.

Examiner Burchmore: Will you furnish, Mr. Garwood, a map such as has been called for from other roads? Mr. Garwood: Yes, sir.

2217 Examiner Burchmore: And make it a small map, inasmuch as the terminals at Groveton are fully shown on these maps, that map may be drawn to a small scale.

Mr. Anderson: Would this railroad map of Texas answer your

purpose?

Examiner Burchmore: It would perhaps, but I have here a draft of a letter which was proposed to be sent to the tap lines, or handed to them, describing the map that was desired, and I will let you read it, although we may not send such a letter, but this will make clear to you what we want, and if you will return this after you have examined it. Are there any small saw mills located a short distance from this line which team their lumber over to your road?

Mr. Anderson: One, but it is not in operation at the present time. Examiner Burchmore: As a matter of fact that lumber mill cannot operate to a financial advantage in competition with a mill

that is located on a railroad, can it?

Mr. Anderson: We do not come in competition with them at all. Examiner Burchmore: Well, they might come in compe-

2218 tition with you. I suppose you are so much larger?

Mr. Anderson: No, I do not think so. We do business with those people and frequently buy their lumber and give them every facility as a railroad for getting to the market that we have ourselves.

Examiner Burchmore: I think that is all.

Mr. Garwood: Mr. Anderson, was your road ever personally inspected by the Railroad Commission of Texas?

Mr. Anderson: Yes, sir.

Mr. Garwood: What Commissioners inspected it?

Mr. Anderson: Judge Storey and Mr. Colquitt, the present Gov-

ernor-elect.

Mr. Garwood: Did they go over the full length of the road for the express purpose of ascertaining whether it was a railroad entitled to do business as a common carrier and to be recognized as such under the laws of the State of Texas?

Mr. Anderson: I so understood it. We made a date with them to

examine the road for that purpose and they did so.

Mr. Garwood: After that inspection did you file a formal application with the Commission to be recognized as a railway?

Mr. Anderson: We did, either immediately before that in-

spection or directly after, I do not recall the date.

Mr. Garwood: In pursuance of that application upon the part of the railway and the inspection by the railway Commissioner it was recognized by formal order by the Commission?

Mr. Anderson: Yes, sir. Mr. Garwood: In that connection, your Honor, we offer a copy of our formal application to the Commission to be recognized as a common carrier.

(The paper so offered and identified was received in evidence and thereupon marked Groveton, Lufkin & Northern Exhibit No. 4. Witness Anderson, received in evidence December 15, 1910, and is attached hereto.)

Examiner Burchmore: That application was granted?

Mr. Anderson: Yes, sir.

Mr. Garwood: And in that further connection we offer the formal order of the Commission as set out on page 214 of the Eighteenth Annual Report of the Railroad Commission of Texas. Shall I read it? It is very short:

"Groveton, Lufkin & Northern Railway. In the matter of the

application of Groveton, Lufkin & Northern Railway Company for recognition by this Commission as a common carrier of freight and passengers with the duties and privileges incident thereto

2220 as prescribed by law, in view of the allegations contained in said application, and of the fact that the line of railway of said company has been duly inspected by this Commission and found to be in the condition alleged, properly constructed, equipped to perform the duties of such carrier, it is ordered by the Railroad Commission of Texas that said application of the Groveton, Lufkin & Northern be, and the same is hereby granted, and said company is recognized by this Commission as subject to its orders, rules and regulations and entitled to participate in through rates of freight applying on class and commodities to or from points on its lines of railway. Circular No. 2951, effective November 18, 1908."

Mr. Anderson: And I will say we began operating on the 30th

of that same month.

Mr. Garwood: Did you thereafter make an application to the Railway Commission for the issuance of bonds?

Mr. Anderson: We did. Mr. Garwood: Under the laws of the state bonds can only be issued, that is, bonds which carry a lien upon the corpus of the property, after application to the Commission made in accordance with its rules and regulations?

Mr. Anderson: I so understood it. 2221-2

Mr. Garwood: That application under the rules of the 2223 Commission sets out the corporate proceedings, showing the requisite authority for the issuance of the bonds, and also sets out in detail your acquisition of your right of way, how it is held, all contracts of construction, your alignment map, your profile and all material facts tending to show the actual cost of the construction.

Mr. Anderson: Yes.

Mr. Garwood: You made that application?

Mr. Anderson: We furnished all that information to the engineer

of the Commission.

Mr. Garwood: After that application was filed, did the official engineer of the Railroad Commission of Texas personally inspect your railway?

Mr. Anderson: He did.

Mr. Garwood: Did he carefully go over your entire properties, making a minute examination into all of its corporate matters, con-

tracts, records and so forth?

Mr. Anderson: He did; and in addition to that we threw open the books of the Trinity County Lumber Company to him, that he might ascertain the amounts that we paid for everything that went into the construction of the road. It was not incumbent 2224 upon us to do that, but we did it to enable him to get at the

facts. Mr. Garwood: Having made this inspection, did he file with the Railway Commission his reports and valuation of the road?

Mr. Anderson: Yes, sir.
Mr. Garwood: Have you got a copy of that report?

Mr. Anderson: I have.

Mr. Garwood: Have you it with you? I wish you would find it so I may introduce it in evidence.

(Paper produced.)

Mr. Garwood: At this point we introduce in evidence the official report of R. D. Parker, official engineer of the Railroad Commission of Texas, valuing the Groveton, Lufkin & Northern Railway.

(The paper so offered and identified was received in evidence and thereupon marked Groveton, Lufkin & Northern Exhibit No. 5, witness Anderson, received in evidence December 15, 1910, and is attached hereto.)

Mr. Garwood: I will ask you, Mr. Anderson, if that valuation made by the official engineer was not raised to some extent, and if the Railroad Commission of Texas did not find that you were entitled to a slightly greater valuation than the engineer made?

Mr. Anderson: Yes, sir.

Mr. Garwood: Did they make their order allowing the issuance of bonds by the railway after that?

Mr. Anderson: Yes, sir.

Mr. Garwood: We here introduce the order of the Railroad Commission of Texas, of date December 31, 1909.

(The paper so offered and identified was not marked.)

Examiner Burchmore: What amount of bonds does that cover?

Mr. Garwood: \$437,000. I will state in that connection that under the rules of the Commission the carrier is permitted to issue in stocks and bonds together the amount of the value of the road. Having found the road to be of the value of \$487,000, and having \$50,000 of stock, they authorized the issuance of \$437,000 in bonds

Examiner Burchmore: Then the finding of the Commission was

that this road was worth exactly what it cost?

Mr. Anderson: No, I did not say that. I said the road cost us about \$400,000, but the Commission allowed us a valuation of \$487,000.

Examiner Burchmore: I thought you said you paid the lumber

company \$487,000 for it.

2226 Mr. Anderson: We did, the railroad company did.

Examiner Burchmore: Then the lumber company made \$87,000.

Mr. Anderson: No, we did not.

Examiner Burchmore: I do not follow the figures.

Mr. Anderson: I think the Commission had in mind at the time the depreciation on the bonds of at least ten per cent, which would have been \$43,000.

Examiner Burchmore: The bonds did depreciate?

Mr. Anderson: If we were to undertake to sell them, they probably would. The face value was \$437,000, but the lumber company took them as worth 90 cents.

Mr. Cowan: On our side it is admitted that the Railroad Commission allows for a lot of real estate and engineering expenses, and other expenses, so it generally runs ten to 15 per cent, and sometimes more than the actual cost of the property, when you come to figure it out.

Examiner Burchmore: That seems to be a sufficient explanation.

Mr. Anderson: I can make it plainer-

Examiner Burchmore: I think it is plain. I think we all under-

stand it.

Mr. Anderson: The lumber company figured we got about \$443,000 for the road, taking the depreciation of bonds into 2227 account, and it cost us about \$400,000, so we made about eight per cent, which is not considered unreasonable, from the standpoint of construction. We took the place of a construction company.

Examiner Burchmore: That is a pretty good profit to make on

work you were doing for yourselves.

Mr. Anderson: We were two years in doing it, and figured no interest on the cost and labor which was put into that two years, and there are a number of items.

Examiner Burchmore: I think that is enough on that point. Mr. Garwood: I will state in that connection that the Commission sometimes allows in its valuation a small per cent for what it calls a franchise value.

Mr. Cowan: That is only in towns and streets.

Mr. Garwood: No, not at all; on the proposition as a whole, and it did so in this particular case, I will add, at my especial request. The order of the Commission dated Austin, Texas, December 31, 1909, authorizing the issuance of those bonds, is a short one, and I have it attached to the copy of the petition here.

Mr. Cowan: Just state it is the order as shown in the copy

of the petition.

Examiner Burchmore: I would not offer it. I think we can find it in our records.

Mr. Garwood: I will say as attached to the copy of the petition of the Groveton, Lufkin & Northern, marked Exhibit C.

Examiner Burchmore: Then it is already in the record?

Mr. Garwood: Yes, sir. I wanted to call the attention of the Commission to the very satisfactory recitals in this order as to the nature and character of our road, the fact that it is being operated in good faith as a carrier.

Examiner Burchmore: Well, we have it already.

Mr. Garwood: In that connection we offer a copy of the deed of trust, securing these bonds.

Examiner Burchmore: Is that important to offer? We do not

want to cumber up the record.

Mr. Garwood: It will not be copied. I wanted the record complete.

(The paper so offered and identified was received in evidence and thereupon marked Groveton, Lufkin & Northern Exhibit No. 6. witness Anderson, received in evidence December 15, 1910, and is attached hereto.)

Mr. Garwood: You said the Trinity County Lumber Com-2229 pany had been in operation for 25 years, or more, before this railroad was built?

Mr. Anderson: Yes.

Mr. Garwood: Does your road go through a farming section to any extent?

Mr. Anderson: Yes, sir.

Mr. Garwood: To what extent?

Mr. Anderson: The Trinity County is one of the oldest sections. I believe, of east Texas. We are not very far from the Nacogdoches, which was at one time an outpost of civilization. I suppose Trinity County has been settled up as long as any county. There are men living in the county that is served by our road, middle aged men. who were born there.

Mr. Garwood: Have you any portion of your right of way en-

closed by a legal hog-proof fence?

Mr. Anderson: Yes, sir. Mr. Garwood: How much of it?

Mr. Anderson: I think about seven miles. Allow me to correct an error I made a while ago in giving the division of the revenue. I stated it was a total of \$58,000, \$43,000 for lumber. That should have been \$33,000.

Mr. Garwood: How many farms did you go through when

you were acquiring your right of way for this road?

Mr. Anderson: We bought right of way, I think, through 12 or 13 farms in the 21 miles.

Mr. Garwood: What is the width of your right of way?

Mr. Anderson: 100 feet.

Mr. Garwood: You have complete fee simple deeds to all of that right of way?

Mr. Anderson: Yes, sir.

Mr. Garwood: Do you own that in fee simple title or is it the ordinary right of way deed?

Mr. Anderson: We are owners in fee simple.

Mr. Garwood: Fee simple title?

Mr. Anderson: Yes, sir.

Mr. Garwood: Do you do an express business?

Mr. Anderson: Yes.

Mr. Garwood: With Wells Fargo & Company?

Mr. Anderson: Wells, Fargo, yes, sir. Mr. Garwood: Do you carry the mail?

Mr. Anderson: Yes, sir. Mr. Garwood: I will ask you what facilities you give in the way of the carriage of mail to people along that line that did not theretofore exist.

2231 Mr. Anderson: We carry mail to two post offices immediately on the line of road, and we supply from Apple Springs. a station about half way between Groveton and Lufkin, six or seven Star Route offices. The mail is distributed from Apple Springs to those offices in the country.

Mr. Garwood: From Groveton the Houston market is reached

either via the M. K. & T. and the I, & G. N. or the M. K. & T. and the Houston, East & West Texas, or by the Groveton, Lufkin & Northern and the Houston, East & West Texas?

Mr. Anderson: Yes.

Mr. Garwood: State what commercial business you do for the citizens of Groveton from Houston.

Mr. Anderson: From Houston into Groveton? Mr. Garwood: From Houston into Groveton?

Mr. Anderson: I do not know-

Mr. Garwood: I do not mean the figures, but-

Mr. Anderson: I have not any means of knowing what the other road does, but we have the impression we do about half of the busi ness of the town.

Mr. Garwood: What is the size of that town?

Mr. Anderson: About 5,000.

Mr. Garwood: It is not merely a mill town?

Mr. Anderson: No, sir, it is the county seat and there are 2232 more people who live there who are not directly connected

with the lumber company than people who are.

Mr. Garwood: In other words, it is a thriving town, with banks commercial establishments and the ordinary incidents of a thriving fown?

Mr. Anderson: I think so.

Mr. Garwood: Is it not a fact, Mr. Anderson, that you do a very large express and package freight business from Houston via the H. E. & W. T. to Lufkin and thence down your road to Groveton?

Mr. Anderson: I think we do the bulk of it. Mr. Garwood: You think you do the bulk of it?

Mr. Anderson: Yes.

Mr. Garwood: Why do you think you do?

Mr. Anderson: We make better time than any other line into We get express and freight because we make better time Groveton. to Groveton than they do by either of the other routes.

Mr. Garwood: Freight of that character delivered to the Houston. East & West Texas late in the afternoon at Houston gets to Groveton

via the H. E. & W. T. and your road at what time?

Mr. Anderson: 3:30 the next afternoon.
Mr. Garwood: How does that compare with the service ren-2233 dered by the other lines into Groveton?

Mr. Anderson: They generally get it in about two or three days.

Mr. Garwood: And you get there the next day?

Mr. Anderson: Yes, sir.

Mr. Garwood: Is that business increasing?

Mr. Anderson: Constantly. Our records show that, Mr. Garwood: And is it relatively increasing more than the lumber business is increasing?

Mr. Anderson: The general business from the public, independent of the lumber business, is increasing all the time.

Mr. Garwood: Increasing all the time, and in a greater ratio than the lumber business?

Mr. Anderson: Yes, sir.

Mr. Garwood: You transport cotton from your line?

Mr. Anderson: Yes, sir.

Mr. Garwood: How many bales last year?

Mr. Anderson: I do not recall the figures for the last season. This year we have handled about 2,200 or 2,300 bales.

2234 Mr. Garwood: Of this season's cotton?
Mr. Anderson: Of this season's crop.

Mr. Garwood: 2,200 or 2,300 bales?

Mr. Anderson: Yes, sir.

Mr. Garwood: I will ask you if it is not a fact on a great deal of that cotton you get a double haul, first into Groveton and then out

from Groveton for Lufkin?

Mr. Anderson: Yes, there are a great many farmers around Apple Springs who ship their cotton into Groveton and sell it because they have no market where they are, and they would have to haul it otherwise, and they prefer to pay our local into Groveton rather than haul it that distance into Groveton. We haul two or three or four hundred bales into Groveton, which is sold there and immediately shipped back over our line to Houston and other points.

Mr. Garwood: Is all your general commercial business constantly

increasing and expanding?

Mr. Anderson: Yes, sir.

Mr. Garwood: Have you, in addition to the financial statements which you have filed as exhibits to your petition in this case, prepared a statement for the time intervening since the close of the last

fiscal year from June 30, 1910?

2235 Mr. Anderson: I have no statement, but I have a memorandum here which will give an idea of the increase in the mercantile shipments; that is, the shipments other than lumber shipments, for the four months, July, August, September and October of this year, as compared with last year. That shows a constantly increasing ratio of merchandise shipments as compared with the total.

Mr. Garwood: Give some of those figures for the convenience of

counsel.

Mr. Anderson: I can give you the old statement, and make it part of the record.

Mr. Garwood: Read them off so they will appear in the record.

Mr. Anderson: The total revenue for lumber for the four monthstat I mentioned of this year is \$10,258.44. For last year it was \$11,768.00—

Examiner Burchmore: Do you want that copied in the record?

Mr. Garwood: Yes.

Examiner Burchmore: It may be.

(The statement is as follows:)

Groveton, Lufkin & Northern Railway.

236 Groveton, Lukin & Northern Randows

ummary of Statistics for the Months of July, August. September
and October, 1909 & 1910.

	6301.60	5930.16
Tambon from Trinity County	5485.15	4328.28
Lumber Company—State and Local Total Revenue on Lumber from Trinity County Lumber Company	1768.75	10258.44
County Lumber Company Revenue on Lumber from Independent Mills Interstate Revenue on Lumber from Independent Mills—	283.73	1068.86
	54.83	607.98
Total Revenue on Lumber from Independent	340.56	1676.84 910.24
Mills Revenue on Other Commodities—Interstate Revenue on Other Commodities—Local and	579.57	
	3416.59 3996.16	3930.69 4540.93
State Total Revenue on Other Commodities. Percent of Freight Revenue from Lumber.	75.21	71.14
Percent of Freight Revenue From Lumber Company	73.10	61.15
Percent of Trinity County Lumber Company	56.17	45.73
Percent of Freight Revenue on Lumber Hom	2.11	9.99
2237 Percent of Freight Revenue on Inter- state Lumber Other	40.83	41.72
Percent of Freight Revenue from Other	3.59	5.42
Freight—Interstate	44.42	47.14
Freight—Interstate Total Interstate Percent of Freight Revenue. Percent of Lumber Revenue of Total Revenue.	57.84	53.21
	20712	21639
Total Number of Tons of Freight Handled	6405	7622
Total Number of Passengers Handled	1005	1276
Number of Bales of Cotton Handled	20964.08	22417.03
Total Revenue from Trinity County Lumber Company—Lumber		10258.44
Total Revenue Other Than Trinity County Lumber Company—Lumber	9197.33	12158.59
		-latino pro

Mr. Garwood: Can you state from that statement the relative proportion of your general business to the lumber business?

Mr. Anderson: Well, in a general way last year the lumber business was about 55 per cent of our revenue, and the other business 45 per cent. This year so far the figures have been reversed. The lumber business would be about 45 per cent of the total revenue and mer-

chandise and business from *out* outside public would be 55 per cent, in round figures.

2238 Examiner Burchmore: Three years ago it was about 75

and 25, was it not?

Mr. Garwood: What was your passenger business for the last four

months, as covered by this statement?

Mr. Anderson: The passenger business for the four months of this year would indicate an annual total of about \$24,000, as against something less than \$19,000 last year.

Examiner Burchmore: Please do not examine on that. That will

be on the record.

Mr. Garwood: What is the general character of your station appliances, passenger facilities and freight facilities for the public between

Lufkin and Groveton?

Mr. Anderson: I stated a while ago that we had cotton platforms for the loading and unloading of the freight and cotton, and we have also a waiting room for passengers. They are not heated, nor do we furnish ice water, or anything of that kind, but they are rooms which keep them out of the weather, and keep them comfortable

in bad weather.

2239 Mr. Garwood: Are they substantially and permanently

Mr. Anderson: Yes, sir; they are all painted, and if they have overlooked any frills in putting them up I do not know it.

Mr. Garwood: How many passenger pagodas have you on that

line?

Mr. Anderson: Three.

Mr. Garwood: Where are they located?

Mr. Anderson: At Lacey, Helmic and Apple Springs.

Mr. Cowan: Is there any other railroad that has a pagoda?
Mr. Garwood: We have them everywhere in Texas except out

in western Texas in the cactus, where you live.

Mr. Cowan: I did not know there were any Chinamen down

there that would make them desirable or necessary.

Mr. Garwood: You have stated, as I understand it, that the railway company and the Trinity County Lumber Company have no connection in their operations or employees in any manner whatsoever.

Mr. Anderson: None, with the single exception of myself; I am

the only goat in the lot.

Mr. Garwood: Their operations are absolutely separate and distinct?

2240 Mr. Anderson: They are.

Mr. Garwood: None of the equipment— Examiner Burchmore: I would not go into that. I think it is fully in the record.

Mr. Garwood: I want it absolutely in the record.

Examiner Burchmore: I think he has made it clear, that it is entirely separate.

Mr. Garwood: If it is entirely clear to your Honor I will drop it at that point. State, if you know, Mr. Anderson, whether you have through rates on interstate business with the Gulf, Colorado & Sante Fe, business within the state, not business outside the state.

Mr. Anderson: Yes, sir; we have. Mr. Garwood: Have you through rates with them to points outside the state?

Mr. Anderson: No, sir, we have not. Mr. Garwood: You are recognized, then, as a common carrier entitled to participate in these rates in so far as state business is concerned, but not for interstate business.

Mr. Anderson: That is correct.

Examiner Burchmore: As a matter of fact, the Santa Fe would not be permitted by the State Commission to cancel those

rates, would it? 2241

Mr. Anderson: No; that is the only reason we have them. Mr. Garwood: Have you any reasonable through routes that ought to be available to you in connection with the Santa Fe and its connections?

Mr. Anderson: Do you mean outside the state of Texas?

Mr. Garwood: Yes.

Mr. Anderson: Yes. Mr. Garwood: Where would it be reasonable for you to deliver

to the Santa Fe? By what routes would you move? Mr. Anderson: Well, Judge, that is a point that I am not very

clear on. I presume that Houston would be-

Mr. Garwood: Going from Lufkin, could you move directly south over the Houston, East & West Texas and deliver to the Santa Fe at Cleburne?

Mr. Anderson: Yes, sir, or we could also deliver to them by the

I. & G. N. at Conroe via Trinity.

Mr. Garwood: By each of those routes the Santa Fe would have the long haul on lumber to points on the Atchison System outside the state?

Mr. Anderson: Yes, sir. Examiner Burchmore: I do not want to be unreasonable. but we are not trying here the establishment of joint through rates between companies, but the status of this road. 2242

Mr. Garwood: The reason I asked that question is because it

is in the petition of this road.

Examiner Burchmore: Suppose that fact be granted as proven without any testimony, what effect will that have on the decision

of this case?

Mr. Garwood: We expected in this same application—this road did not know where it was going to be classified when it filed its petition and therefore asked for the establishment of through routes. If that part of the case is not going to be considered in connection with it-

Examiner Burchmore: Do you expect to try this case with the object of securing an order requiring the establishment of

through routes and joint rates with the Santa Fe?

Mr. Garwood: It was so prayed for in the petition, and for that

reason I did not want to be held as having waived it.

Examiner Burchmore: You have not waived it, but I think you had better plan to take that up in a supplemental proceeding after this general question has been disposed of.

Mr. Garwood: I do not want to be in the attitude of having made a prayer in the petition and offering no evidence to sustain it. Of course I should be glad if that would be by way of supplemental proceedings, to eliminate that at this point.

Examiner Burchmore: If we try that issue here, we will not get through for weeks, I am afraid, and you have preserved your rights.

Mr. Garwood: That is all I have done it for. Is there anything further, Mr. Anderson, that you wish to add to what you have said?

Mr. Anderson: Nothing that occurs to me, Judge.

Mr. Garwood: I believe that is all. Mr. Cowan: You reside at Groveton?

Mr. Anderson: Yes.

Mr. Cowan: How long have you lived there?

Mr. Anderson: Four years.

Mr. Cowan: Had you been residing in that part of Texas before that?

Mr. Anderson: No, sir.

Mr. Cowan: How long have you been connected with the Trinity County Lumber Company?

Mr. Anderson: Four years.

Mr. Cowan: Where did you live before that?

2244 Mr. Anderson: Chicago.

Mr. Cowan: Are you connected with any other lumber company beside this?

Mr. Anderson: No.

Mr. Cowan: Are you connected with any other railroad company beside this?

Mr. Anderson: No.

Mr. Cowan: I was not noticing, but what position is it you hold with both the railroad and the lumber company?

Mr. Anderson: I am vice-president of the railroad, and manager

of the lumber company.

Mr. Cowan: As vice-president of the railroad, are you manager of it; do you manage the railroad end of it?

Mr. Anderson: How is that?

Mr. Cowan: As vice-president of the railroad, do you manage it also?

Mr. Anderson: I am supposed to be the official head of the road

in Texas.

Mr. Cowan: When you came to Groveton the lumber company was logging its mill by roads built out in the forest, from which you drew your logs?

Mr. Anderson: Yes.

2245 Mr. Cowan: And at that time your only outlet was the M. K. & T. Railroad?

Mr. Anderson: Yes, sir.

Mr. Cowan: The saw mill had been built along the right of way of the railroad, or nearby?

Mr. Anderson: Yes, sir.

Mr. Cowan: And the railroad had extended its spurs into the saw mill industry for the purpose of delivering freight and receiving freight?

Mr. Anderson: Yes, sir.

Mr. Cowan: And during all that period of time the railroad company performed the service of switching in the empty cars and taking out the loads?

Mr. Anderson: What railroad do you refer to? Mr. Cowan: Well, the only one then was

Mr. Anderson: The M. K. & T., yes, sir.
Mr. Cowan: You were not receiving divisions from it on account of being located on its line and bringing in logs?

Mr. Anderson: No.

Mr. Cowan: You then performed the same service with respect to bringing in logs that you do to-day, substantially?

Mr. Anderson: Yes.

Mr. Cowan: Now, you come in a mile and a half over the 2246 Lufkin road, or whatever you call it?

Mr. Anderson: Yes.

Mr. Cowan: Preferably because it is a better track than your logging road, and you do not have a grade crossing?

Mr. Anderson: Yes.

Mr. Cowan: For which service there is nothing charged and no benefits derived by either your railroad company or your lumber

company, except you get the privilege of paying it?

Mr. Anderson: I do not say that no charge is made. There has been, as I stated, a contract contemplated between the railroad and lumber company, by which trackage rights would be acquired, but it never has been reduced to writing yet. We have let it go by default largely because the same interests control both concerns.

Mr. Cowan: Well, my statement is correct; that there has been

no charge made, has there?

Mr. Anderson: No.

Mr. Cowan: You were in the same attitude with respect to your lumber company as was William Cameron and others, who connect with the M. K. & T. road, and mill on that line and ship

their lumber out? 2247

Mr. Anderson: I know nothing of their conditions, sur-

rounding their operations.

Mr. Cowan: At all events you received no benefits from the M. K. & T. except the ordinary railroad facilities. You got no division or allowance of any sort?

Mr. Anderson: Do you mean prior to the building of the Grove-

ton, Lufkin & Northern? Mr. Cowan: Yes.

Mr. Anderson: No, sir, we did not. Mr. Cowan: When you found out you were in that condition, you found also instances-for example, you must have known how it was in Arkansas and Louisiana in particular.

Mr. Anderson: No, I will not admit that, because it would not be correct. I know nothing about the conditions in Louisiana and Arkansas, only what I have heard here in the last ten days.

Mr. Cowan: I suppose you knew before you built the road that most of the lumber mills in the country which were in competition with you in the markets were receiving divisions out of these rates.

Mr. Anderson: No, I did not know it. I knew some of them were. That was only hearsay. I did not know of my own knowledge that any of them were.

Mr. Cowan: At the time you came down there to manage the lumber business, there were rebates paid by railroad companies that had ceased?

Mr. Anderson: None that I know of. We did not get any of them if there were.

Mr. Cowan: You had to pay the full flat rate?

Mr. Anderson: Yes.

Mr. Cowan: Is it not a fact that the lumber company concluded, and you, as the managing officer of the lumber company, concluded that if you would build a railroad out whereby you could deliver the lumber out to other connecting lines, thereby getting a division of the rates, that it would be a good financial proposition to do it?

Mr. Anderson: We thought so. We thought we were entitled to

compensation if we spent the money to build a railroad.

Mr. Cowan: And that induced you to build this railroad?

Mr. Anderson: To some extent; yes, sir.

Mr. Cowan: Did it not induce you wholly? You were not in the railroad business.

Mr. Anderson: No, not necessarily. We-

2249 Mr. Cowan: Well-

Mr. Garwood: Let the witness answer the question.

Mr. Anderson: The timber holdings of the lumber company at that time were practically all north of the M. K. & T. road, and we knew that we would have to build railroads in there to draw that timber and those logs to the mill, and it is rather a rough country, and the ordinary logging road built through those hills would be a pretty hard proposition. We concluded, inasmuch as we had to spend some money to get there, we might as well build a good one while we were at it.

Mr. Cowan: Well, you were lumber people; you were not in the

railroad business.

Mr. Anderson: No, we were forced into it, I might sav.

Mr. Cowan: You built the railroad—

Mr. Anderson: And we are not now in the railroad business, and do not want to be.

Mr. Cowan: What?

Mr. Anderson: I say our lumber people are not in the railroad business and do not want to be. We have trouble enough in the lumber business.

Mr. Cowan: You are not having any more trouble in the lumber busines than you did then?

2250 Mr. Anderson: A good deal.

Mr. Cowan: That is on account of the lower price. Pri-

marily you built this railroad for the purpose of delivering your

own lumber to other connections than the M. K. & T.

Mr. Anderson: That was one object, but one of the main reasons was at that time the car service to the mills was quite a problem, and we thought we would be in a better position with three outlets than we would with one; I mean in the shipment of lumber after it was manufactured.

Mr. Cowan: But that was-

Mr. Anderson: Just wait until I get through. The facilities offered by the M. K & T. were not the best. You are familiar with their location; the branch that we are on is only called a railroad by courtesy; it is a lot of junk, that if they haven't any other use for it on the main line they send it down there and make the poor fellows use it down there. That applies to engines for moving business. And their arangements with the International & Great Northern for moving their tonnage from Trinity to Houston or to Mineola are rather burdensome, and they were not able to give us rates, and we were shut out from a great many points we would like to reach,

because they could not give us rates, and it was partly to cover

that that we built. 2251

Mr. Cowan: Now, Mr. Anderson, are you right certain that

the M. K. & T. could not give you rates to everywhere?

Mr. Anderson: There were a great many points we could not reach by the M. K. & T. Mr. Cowan: Well, you could not reach them by the M. K. & T.

tracks? Mr. Anderson: Nor by their connections. I mean to say they

could not make us satisfactory rates. Mr. Cowan: Well, you were enjoying then the general blanket rate system that applied practically to all territory where you go now?

Mr. Anderson: Yes, sir.

Mr. Cowan: But the object at last, if it was to get cars or better rates, or any other purpose, in constructing the railroad, was to benefit the lumber business?

Mr. Anderson: Yes, to some extent, of course. I could not-Mr. Cowan: You were not out building railroads for the purpose of developing the country independent of your lumber business?

Mr. Anderson: We would not have done that if it had been

the only reason. 2252

Mr. Cowan: Did you have any agreement with the Houston, East & West Texas Railroad before you built this line?

Mr. Anderson: No, sir.

Mr. Cowan: That you would get a division of the rate when you got in there?

Mr. Anderson: No.

Mr. Cowan: Did you have any with the M. K. & T. that you would get a division of the rate when you got in there?

Mr. Anderson: No.

Mr. Cowan: Did you have any understanding that you would receive them?

Mr. Anderson: No.

Mr. Cowan: If you had not received a division of the rate you certainly would have been in the soup, wouldn't you, with that railroad?

Mr. Anderson: Yes, sir.

Mr. Cowan: You say now that you acted without any understanding that you were to get a division of the rate?

Mr. Anderson: Yes.

Mr. Cowan: But you believed you would get it?

Mr. Anderson: We thought we would because we would

2253have three outlets where we only had one.

Mr. Cowan: How much did you believe you would get? Mr. Anderson: We did not know. That is a matter that has been thrashed out up to this good day, we are all the time scrapping with

Mr. Cowan: Having got the railroad built, you immediately got

the division?

Mr. Anderson: We went out and got all we could.

Mr. Cowan: At that time is it not a fact you carried most of the lumber sent to Houston, East & West Texas, or delivered it most to the M. K. & T.?

Mr. Anderson: There is no rule about it; it varies. It depends upon the car supply and where our lumber is sold-

Mr. Cowan: I am just asking what did take place.

Mr. Anderson: When?

Mr. Cowan: Did you deliver most of it to the Houston, East & West Texas?

Mr. Anderson: No, for the first year we delivered more to other lines; more to the M. K. & T. and more to the Cotton Belt.

Mr. Cowan: The service you performed with respect to deliveries to the M. K. & T. were precisely the same as they were 2254 before?

Mr. Anderson: How is that?

Mr. Cowan: The service in delivering to the Katy at Groveton remained the same as it was before?

Mr. Anderson: No.

Mr. Cowan: Wherein did you change it?

Mr. Anderson: The M. K. & T. went into our tracks, got the cars out and weighed them and billed them.

Mr. Cowan: And thereafter you did that for them?

Mr. Anderson: Certainly we do. There is no road has any access to our tracks now but the Groveton, Lufkin & Northern.

Mr. Cowan: What became of the Katy tracks?

Mr. Anderson: They took their tracks up. They had an excuse for a track in there.

Mr. Cowan: And they took it up? Mr. Anderson: And they took it up.

Mr. Cowan: Between whom was that arrangement made?

Mr. Anderson: I could not say that there was any arrangement It was understood when our road was built that we were going in there, and their track was in such a condition it had to be rebuilt if it remained, and they took it up, and we built the track in over the same road or practically so.

Mr. Cowan: And you switch about a mile and a quarter 2255 to the Katy?

Mr. Anderson: Yes, sir. Mr. Cowan: In delivering to the H. E. & W. T. do you do any switching on your line or not?

Mr. Anderson: Which end of the line?

Mr. Cowan: To the Houston, East & West Texas at Lufkin.

Mr. Anderson: At Lufkin we deliver in the yards of the Cotton We have no physical connection with the H. E. & W. T. At Lufkin we deliver in the yards of the Cotton Belt and there is a switching charge made there which the H. E. & W. T. absorbs, and we in turn pay the transfer from their line on all freight going over

Mr. Cowan: Taking a man who is situated out on the M. K. & T. who logs his mill with a railroad and who pays the flat rate and gets no division, don't you think you have an advantage over him, so

far as the railroad charges are concerned?

Mr. Anderson: Well, I am not prepared to express an opinion on that. It is a hypothetical proposition, and it is a condition that is not likely to exist, because there is no place where a man can locate on the line of the M. K. & T. and get any timber; it is all

cut, all that is tributary to the M. K. & T. has been cut and

hauled in long ago.

Mr. Cowan: To what extent is the saw mill business carried on in that part of the state by logging a mill by railroad where the mill gets, or the railroad gets-I mean the railroad belonging to the mill-no division of the rates?

Mr. Garwood: The railroad does not belong to the road?

Examiner Burchmore: Judge Cowan, I am very anxious to take up one more case before we adjourn tonight, and if you can hasten the examination I will very much appreciate it.

Mr. Cowan: Was there a traffic manager of your company, your railroad company and your lumber company, a Mr. Wilson, who

was a common traffic manager for both?

Mr. Anderson: The lumber company has no traffic manager? Mr. Cowan: At any time was there a man named Wilson who was traffic manager for the lumber company and the railroad company?

Mr. Anderson: Named who?

Mr. Cowan: Wilson.

Mr. Anderson: Not to my knowledge.

Mr. Cowan: You will be asked, I suppose, to file a statement which has been asked for heretofore, showing the total 2257 amount of tonnage from your mill which goes to each one of your connecting lines.

Mr Anderson: I can give that to you now, if you want to know.

Mr. Cowan: Well, that general question has been asked, and is to be complied with, as I understand it, by all lines, and we will not take time now.

Mr. Garwood: In the ordinary course of operations, how long will it take the Trinity Lumber Company to cut out its timber there?

Mr. Anderson: About ten or twelve years.

Mr. Garwood: You of course knew that at the time you constructed this road?

Mr. Anderson: Yes, sir.

Mr. Garwood: The road was then built as a permanent investment, irrespective of any investment that your stock-holding interests might have in lumber?

Mr. Anderson: Well, I might say that two-thirds of the original holdings of the Trinity County Lumber Company had been cut

before the railroad had been thought of or dreamed of.

Mr. Garwood: In routing your stuff, do you obey the routings of the shipper?

Mr. Anderson: Yes, sir.

Mr. Garwood: The Trinity County Lumber Company?

Mr. Anderson: Yes.

Mr. Garwood: Do you charge the Trinity County Lumber Company demurrage?

Mr. Anderson: Yes.

Mr. Garwood: Do you receive per diem on your cars?

Mr. Anderson: On our cars on other lines?

Mr. Garwood: That go off your line and are on other lines?

Mr. Anderson: Yes.

Mr. Garwood: I believe it is admitted that we endeavor to comply, and do substantially comply with all the state and Federal laws with reference to reports to both state and Interstate Commissions, and safety appliance acts. Do you observe the Federal Hours of Service Law?

Mr. Anderson: Yes.

Mr. Garwood: Just below you there runs from Trinity the Beaumont & Great Northern Railway?

Mr. Anderson: Yes.

Mr. Garwood: Running from a connection with the M. K. 2259 & T. branch to the I. & G. N. and thence over to the H. E. & W. T.

Mr. Anderson: At Livingston.

Mr. Garwood: That road receives divisions, does it not? Examiner Burchmore: We know all about that railroad.

Mr. Garwood: I did not know whether your Honor knew they received divisions, and that no notice of cancellation has been given to it.

Examiner Burchmore: We know all about it. There is a case submitted to the Commission for decision involving the rights of that company?

Mr. Garwood: That was prior to the severance of its stock-holding

relations.

Examiner Burchmore: We are advised about that at the present time.

Mr. Garwood: The question I want to ask is if mills situated on that line get the advantage of a through rate and those upon other lines in the same general locality do not get the advantage of a through rate, whether there would not be a discrimination in their favor.

Mr. Anderson: That is very apparent.

Examiner Burchmore: That is argumentative. Do you understand that the Beaumont & Great Northern Railway Company is now completely divorced from any lumber interests? 2260 Mr. Garwood: That is my understanding. I am not con-

nected with it in any way, but that is my understanding. Mr. Coleman: Did you ever weigh any of the logs coming from your logging railroad on your standard railroad?

Mr. Anderson: We do not handle any logs.

Mr. Coleman: Don't you haul the logs to the saw mill?

Mr. Anderson: The lumber company does.

Mr. Coleman: Well, then the lumber company. Did the lumber company ever weigh them?

Mr. Anderson: No, sir; they never did.

Mr. Coleman: Have you any idea what the weight of 1,000 feet

of logs is, or the average weight?

Mr. Anderson: Do you mean the weight of the logs which would make 1,000 feet of lumber? We have always estimated in a rough way about 10,000 pounds. That may not be correct; it will vary very much with different timber.

Mr. Coleman: Would that be your average? Mr. Anderson: I should figure about that.

Mr. Coleman: I simply want to get in the record some way if we cannot get a conservative estimate, some idea of the weight.

Mr. Anderson: We could easily weigh them, but we never 2261 have. I got that impression from the fact that we get 60,000 capacity cars and we load about 3,000 feet; that is, a carload of logs makes about 3,000 feet of lumber.

Mr. Coleman: Would it be convenient for you to test out and find

what the average is?

Mr. Anderson: We could do it; ves, sir,

Mr. Coleman: I think for the benefit of the general needs of this case, in order to determine the tonnage, it should be determined

Mr. Anderson: We would be pleased to run a train load of logs across the scales and give you the weights on it.

Mr. Coleman: You say you collect demurrage. Who do you find

it necessary to collect demurrage from?

Mr. Anderson: From the Trinity County Lumber Company principally, or from any other mill that we serve.

Mr. Coleman: Now, you say you pay per diem.

Mr. Anderson: The road pays per diem for the cars, yes, sir. Mr. Coleman: Well, I refer to the road. Of course you are in

a dual position-

Mr. Anderson: When I say we pay demurrage, I mean the lumber company pays it and the railroad company collects it. Mr. Coleman: I am speaking about—of course the carriers have an arrangement with the lumber company for paying per diem. but when I ask that I ask it as an officer of the railroad, whether the

railroad pays per diem. Mr. Anderson: The railroad pays per diem; ves, sir,

Mr. Coleman: Do you recall what that per diem is?

Mr. Anderson: It was, I think, 30 cents up to a short time ago. and it is now 35 cents.

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Mr. Coleman: And your demurrage charge?

Mr. Anderson: \$1.00.

Mr. Coleman: So that really the owners of your joint interests make that profit-

Mr. Anderson: We make a loss, as far as the lumber company is

concerned, but the railroad company makes-

Mr. Coleman: I say the individuals, the participators in the holdings, make a profit on this demurrage, collecting as they do over and above the per diem.

Mr. Garwood: I think that is-

Examiner Burchmore: It seems to me, Mr. Coleman, if they hold the car ten days the M. K. & T. would receive \$3.50 per diem and the lumber company would pay \$10,00 demurrage, and the

2263 railroad company would take the difference.

Mr. Anderson: That is exactly it.

Mr. Coleman: Well, they pay it to themselves.

Examiner Burchmore: Part of it.

Mr. Coleman: But I say the stockholders pay the profit over and above the per diem to themselves.

Examiner Burchmore: That is a fact.

Mr. Anderson: We pay the railroad that owns the car.
Mr. Coleman: When you collect from another lumber company you make the absolute profit, and they pay more than you people do?

Mr. Anderson: Yes, sir; but I do not think we ever collect any demurrage from other lumber companies, because we put in a car and they load it and we take it out. They have 48 hours.

Mr. Coleman: As a matter of bookkeeping, you hold those care as long as you want to and your company pays the per diem, whereas the other shipper pays the demurrage?

Mr. Anderson: We would be the losers the longer we held it, the

more we are out of pocket.

Mr. Coleman: You are not as much a loser as the other shipper

2264 Mr. Anderson: We only serve one man and he loads his cars rather promptly, but if he holds it over 48 hours, we collect the demurrage from him.

Mr. Garwood: You have in no milling in transit rates, or any-

thing of that sort?

Mr. Anderson: No.

Mr. Garwood: We introduce in connection with the testimony of this witness the financial statements attached to the petition in this case, marked respectively Exhibits A and B.

Examiner Burchmore: Those are already of record, and reference

to them will suffice.

Mr. Garwood: Now, we have our traffic man, who is perpared to go into the question of divisions. Those are matters that are embraced in the division sheets, but we are ready to put him on.

xaminer Burchmore: I would like to ask him about three quess, and I think that is all that will be necessary.

Witness excused.)

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W. P. Smith was called as a witness, and having been duly sworn, testified as follows:

Ir. Garwood: I will state in this connection that Mr. Smith was auditor and traffic man until about the last three months, when ook other employment, and we have another man, but I think will be familiar with what you wish to ask him.

Examiner Burchmore: Your company receives no divisions in

nection with the Texas Southeastern?

Ir. Smith: Well, on state divisions we do now.

Examiner Burchmore: Not interstate?

Ir. Smith: No.

Examiner Burchmore: The same is true of the Eastern Texas?

Mr. Smith: The same is true of the Eastern Texas.

Examiner Burchmore: Your divisions from the M. K. & T. on aber amount to what sum?

Mr. Smith: About three cents; interstate is three cents flat.

Examiner Burchmore: I understood Mr. Anderson to say it ran m one and a half to four cents.

Mr. Smith: On interstate with the M. K. & T., three cents flat.

Examiner Burchmore: How about the Houston, East & West Texas on lumber?

Mr. Smith: The Houston, East & West Texas, our basis runs from

e-half a cent to five cents. Examiner Burchmore: One-half a cent to state traffic?

Mr. Smith: Yes, sir, to five cents interstate traffic.

Examiner Burchmore: You never receive more than five cents?

Mr. Smith: Nothing, no, sir.

Examiner Burchmore: The Cotton Belt allows you how much? Mr. Smith: The Cotton Belt divisions run from two to four nts.

Examiner Burchmore: Two cents on state traffic?

Mr. Smith: Two cents on state traffic is the minimum and four nts on interstate traffic.

Examiner Burchmore: And four cents on interstate traffic is a

t division?

Mr. Smith: Yes, sir.

Examiner Burchmore: Exerywhere? Mr. Smith: Well, except to one line.

Examiner Burchmore: What is that line? Mr. Smith: The Kansas City, Mexico & Orient.

Examiner Burchmore: Is there not a certain line of rates on which you receive a percentage of the rate and not a divi-267 sion?

Mr. Smith: That is in connection with the Sunset Central Lines; e get 20 per cent of the proportion accruing to the Sunset Central. Examiner Burchmore: That sometimes exceeds four cents, does it not?

Mr. Smith: No, that is the highest we can get. They reserve the minimum to their junctions.

Examiner Burchmore: What is the rate to St. Louis?

Mr. Smith: Eighteen cents.

Examiner Burchmore: And you get 25 per cent of that rate at times?

Mr. Smith: On lumber, no.

Examiner Burchmore: I have St. Louis Southwestern Railway
Company percentage tariff 1561—

2268 Mr. Smith: I think you will notice, though, that that does not apply on lumber.

Examiner Burchmore: Well, that is true. Well, the class rates divide 75 and 25 per cent.

Mr. Smith: Yes, sir.

Examiner Burchmore: In connection with the Cotton Belt?

Mr. Smith: Yes, sir.

Examiner Burchmore: Is it true of the other roads? Mr. Smith: No. they vary with the other lines.

Examiner Burchmore: Your class rate divisions are higher than your lumber divisions?

Mr. Smith: Well, in one sense, yes, sir.

Examiner Burchmore: Division sheet M. K. & T. 3810 issued by that company January 22nd, 1909, provides that on business interchanged with the Groveton, Lufkin & Northern Railway, the following basis will govern traffic to or from Kansas City and points on the M. K. & T. Railway taking the same rate or lower. Allow Groveton, Lufkin & Northern 25 per cent of the through rate. I understand you to say the through rate to St. Louis is 18 cents.

Mr. Smith: That was on lumber.

Examiner Burchmore: You get 25 per cent of that?

2269 Mr. Smith: No, I think you will notice that does not apply on lumber.

Examiner Burchmore: It applies on coal, coke, cotton, cotton-seed, linters, live stock, grain and grain products—

Mr. Smith: I think there is a supplement which never applied on any lumber.

Examiner Burchmore: I thought you said you got a division of four cents, and no higher.

Mr. Smith: We do not get four cents on lumber.

Examiner Burchmore: There is a supplement to this published a short time later—no, there is not. I will show you this division sheet. Is there an error in that sheet?

Mr. Smith: There is a supplement to this division sheet which excepts lumber from the application of the same. There is a special lumber division sheet which takes care of lumber and foreign products.

Examiner Burchmore: Then do you say this division sheet is not

Mr. Smith: Not so far as lumber is concerned.

Examiner Burchmore: I do not think it is necessary to bring out the details of these divisions. Are there any questions you desire to

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Mr. Garwood: You have issued bills of lading in the ordinary form, state and interstate?

Mr. Smith: Yes, sir.

Mr. Garwood: And followed the usual course of approved railroading in that particular?

Mr. Smith: Yes.

Mr. Garwood: In the publication of your tariffs, and concurrences, and so forth?

Mr. Smith: Yes, sir.

Mr. Cowan: I want to ask Mr. Anderson a question, but do not want to ask this witness.

(Witness excused.)

Mr. Cowan: Just where you are, Mr. Anderson, is it or not a fact that the Groveton, Lufkin & Northern, has some sort of an arrangement for a sale or transfer of the property to the Sunset Central Lines, or some of the Southern Pacific interests?

Mr. Anderson: None whatever.

Mr. Cowan: Was there at any time any arrangement by agreement for division of the rates other than the ordinary division sheets?

Mr. Anderson: None whatever.

Mr. Cowan: That is all.

Mr. Garwood: I will ask the Commission to consider as offered in evidence the rules and regulations of the Railroad Commission of Texas relative to the issuance of stocks and bonds. I ask the Commissioner also to consider as offered in evidence the profiles of our road, and our map of each consecutive mile. It is a very large diagram.

Examiner Burchmore: I do not believe that ought to be put in the record. The record is so big that we will have to send it in a

Mr. Garwood: Very well. I want to state that our general manager is here, and in the interest of time I did not put him on, but I tender him to the Commission for examination either by your Honor or any interested party as to any detail of the conduct or management of that road.

W. J. HELMICK, was called as a witness, and having been duly sworn, testified as follows:

Examiner Burchmore: Are you an officer in any other railroad? Mr. Helmick: No.

Examiner Burchmore: You have heard the testimony offered in this case by the other witnesses?

Mr. Helmick: Yes, sir.

Examiner Burchmore: Were there any inaccuracies or corrections that you would suggest?

Mr. Helmick: No.

Examiner Burchmore: It accords with your general understanding of the situation?

Mr. Helmick: Yes, sir.

(Witness excused.)

Examiner Burchmore: The Red River & Rocky Mount?

(No responses.)

Examiner Burchmore: The Rison & Mt. Elba? Is that company represented? I am informed there is no appearance.

The Saline River Railway?

Mr. Smyth: I am here for that road.

Examiner Burchmore: We will hear the Lake Charles & Northern, the Fourche River Valley & Indian Territory Railway, and the Wilmar & Saline Valley Railroad cases at 8:00 o'clock this evening.

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The Saline River Railway.

L. N. Smyth, was called as a witness, and having been duly sworn, testified as follows:

Examiner Burchmore: What is your position with this railroad? Mr. Smyth: Auditor.

Examiner Burchmore: How long have you been Auditor of this company?

Mr. Smyth: Since April 15th, this year.

Examiner Burchmore: The Saline River Railway, as I understand it, is controlled by the Saline River Lumber Company through the ownership of the capital stock?

Mr. Smyth: Since April 15th this year.

Examiner Burchmore: The Saline River Railway, as I understand it, is controlled by the Saline River Lumber Company through the ownership of the capital stock?

Mr. Smyth: Well, the stock does not belong to the lumber company, but it belongs to the stockholders of the lumber company.

Examiner Burchmore: Are those stockholders the same in the two companies?

2274 Mr. Smyth: Practically so.

Examiner Burchmore: Do they hold their stock in proportion?

Mr. Smyth: Yes, sir.

Examiner Burchmore: In a general way the officers of the two companies are the same?

Mr. Smyth: About the same, yes, sir.

Examiner Burchmore: Well, what differences are there?

Mr. Smyth: Well, there are none except the General Superintendent of the railroad does not fill the same position with the lumber company exactly; that is, he does not meet with the Board of Directors, but otherwise they are the same.

Examiner Burchmore: The Saline River Railway connects with

the Cotton Belt at Draughon, Arkansas?

Mr. Smyth: Yes.

Examiner Burchmore: Does it connect with any other railroad? Mr. Smyth: With the Warren and Ouachita Valley at a place alled Glynn.

Examiner Burchmore: When did you form that connection?

Mr. Smyth: Some time in last May, I believe.

Examiner Burchmore: Which road extended its line to that

point?

Mr. Smyth: The lumber company built the extension from 275 New Edinburg, as has been shown previously in reports to he Commission, and in May last they sold it to the railroad company, so that now the entire line belongs to the railroad company. Examiner Burchmore: Is it not a fact that the Saline River Lum-

per Company is controlled by Mr. C. J. Carter and his associates. Mr. Smyth: He is President of both companies and the chief ex-

eutive officer. Examiner Burchmore: This lumber company is controlled by the same interests that control the Doniphan Lumber Company?

Mr. Smyth: Yes, sir, just about the same.

Examiner Burchmore: And that company is understood to be in control of the Doniphan, Kensett & Searcy Railroad?

Mr. Smyth: Yes, sir.

Examiner Burchmore: Is there any private tram road connecting with this company?

Mr. Smyth: There are spurs belonging to the lumber company

but no tramway.

Examiner Burchmore: What is the character of the coun-

try through which it extends? 2276

Mr. Smyth: It is a cut-over timber country with some agricultural products, but not much, except at the station of New Edinburg; around there there is considerable farming and some staves produced, and there has been some little lumber hauled in there and shipped out over the road from local mills through the country, that is small portable mills which move about from place to place.

Examiner Burchmore: The mill or mills of this lumber company

are, I understand, located at Draughon?

Mr. Smyth: Yes, sir.

Examiner Burchmore: And they immediately adjoin the rails of the Cotton Belt System?

Mr. Smyth: That is right.

Examiner Burchmore: Is there a private side track connecting the mill with the main line of the Cotton Belt?

Mr. Smyth: Planing mill.

Examiner Burchmore: Well, the loading platform of your industry?

Mr. Smyth: No, the planing mill is located on the Cotton Belt side track. However, the railroad company furnishes the ties and all necessary material for repairing that track.

Mr. Riddell: By the railroad company, you mean the Sa-

line River?

Mr. Smyth: Yes.

Examiner Burchmore: But the Saline River Railroad does not operate that track?

Mr. Smyth: No; they occasionally go in there to switch ears for the convenience of the lumber company.

Examiner Burchmore: When was this mill at Draughon opened for operations?

Mr. Smyth: Well, it has been, from the record, I should say, about from 13 to 15 years ago; it was not erected by the present owner.

Examiner Burchmore: When did the present owners acquire it?

Mr. Smyth: They bought it in 1907.

Examiner Burchmore: When was the construction commenced on this railroad?

Mr. Smyth: The railroad was built and chartered at the time they bought the mill. They bought the two properties together.

Examiner Burchmore: The railroad was then in existence?

Mr. Smyth: Yes.

Examiner Burchmore: Had it been incorporated previously?

Mr. Smyth: Yes.

Examiner Burchmore: As a common carrier?

Mr. Smyth: Yes.

Examiner Burchmore: Was it in fact performing services as a common carrier?

Mr. Smyth: I could not say as to that.

Examiner Burchmore: Did it have any traffic besides lumber previous to that time?

Mr. Smyth: I could not say, but it was chartered under the laws of Arkansas, and I now have the original charter in my office. Examiner Burchmore: As a matter of fact you suspect it did not

do any other business?

Mr. Smyth: I do not suppose it did. They contemplated going to this little town of New Edinburg that afterwards the new owners built to. At that time I understand it took a somewhat different route from what it does now, and was a narrow gauge road, and they converted it into a broad gauge road and extended it and changed the general route of the tracks so that they reached this town of New Edinburg, which is quite a little place of importance.

2279 Examiner Burchmore: What was the date of this conver-

sion?

Mr. Smyth: I could not say as to that. Examiner Burchmore: Previous to 1907?

Mr. Smyth: No, sir, it was after that,

Examiner Burchmore: It was narrow gauge when you bought it? Mr. Smyth: Yes.

Examiner Burchmore: The lumber company bought this railroad and everything first as one enterprise.

Mr. Smyth: No, they bought it as two separate propositions.

Examiner Burchmore: It was purchased at one time?

Mr. Smyth: Yes, sir, all made in one deal, but there were two corporations, and they bought the stock of both.

Mr. Riddell: I understand the lumber company never owned that road at any time.

Mr. Smyth: No.

Mr. Riddell: But the same stockholders bought it? Mr. Smyth: Yes, sir.

Examiner Burchmore: I meant the Carters went down there and bought the railroad and lumber company as one deal.

Mr. Riddell: I call attention to that, because in most cases the lumber company originally got the railroad and transferred

it to the railroad company. 2280

Mr. Smyth: But there was a difference in the name too. At the present time the lumber company is called the Saline River Lumber Company, and the railroad the Saline River Railroad, but at the time of the purchase the lumber company had some other name, I think it was the Goodlander & Moore Lumber Company, or something of that sort.

Examiner Burchmore: Was that a fictitious name or the name of

the officers?

Mr. Smyth: No, it was the name—the Goodlander Lumber Company, I believe was the correct name.

Examiner Burchmore: What was the capital stock of this railroad company at the time it was purchased?

Mr. Smyth: \$50,000.

Examiner Burchmore: That is all outstanding?

Mr. Smyth: Yes.

Examiner Burchmore: Has there been any increase in the capi-

Mr. Smyth: No.

Examiner Burchmore: Any bonds at the present time?

Mr. Smyth: No.

Examiner Burchmore: There have not been any bonds issued so far as you know?

Mr. Smyth: There have not been any bonds issued so far as I

Examiner Burchmore: Any other indebtedness at the present time?

Mr. Smuth: Yes, sir.

Examiner Burchmore: What is that indebtedness?

Mr. Smyth: Do you want the amount of it?

Examiner Burchmore: Yes, and the nature of it, and to whom it is due.

Mr. Smyth: Our books show a total of loans and bills payable of \$127,553.62.

Examiner Burchmore: What do those loans cover?

Mr. Smyth: Principally advances from the lumber company.

Examiner Burchmore: What use was made of those advances, ad-

ditions and betterments in the main?

Mr. Smyth: I suppose in improving the road: You know they changed it from what it originally was, a narrow gauge, and changed the entire route of it, and during the course of these 13 years they have operated the road that line has been increasing gradually. I

suppose they have paid some back, but in the main it has kept 2282 piling up to what it is now.

Mr. Riddell: The road is accumulating a deficit instead of

a surplus, is it?

Mr. Smyth: Yes. Examiner Burchmore: Speaking of the financing of this road in 1907, or subsequent to that, who furnished the money with which

the railroad was bought?

Mr. Smyth: I think the present stockholders have just about the same interest now that they did originally when the road was purchased, but I could not say what the proportions are. I have no data of that kind here.

Examiner Burchmore: Are there any stockholders of this railroad

who are not also stockholders of the lumber company?

Mr. Smyth: I think not, except for the purpose of having the required number of directors.

Examiner Burchmore: What is the mileage of main line and sid-

ings?

Mr. Smyth: Main line 19.21 miles; spurs and sidings, 1.72 miles. Examiner Burchmore: 19 miles of main line? Mr. Smyth: Yes, sir. That was increased, you know.

Examiner Burchmore: It was increased by nine miles? Mr. Smyth: No, it is increased by 10.21 miles. Originally 2283 the road was nine miles long.

Examiner Burchmore: When was that road increased?

Mr. Smyth: Last May.

Examiner Burchmore: And you say the railroad company built that extension? The lumber company built that extension, did it not?

Mr. Smyth: Yes.

Examiner Burchmore: And the railroad took it over?

Mr. Smyth: Yes.

Examiner Burchmore: At cost? Mr. Smyth: At cost, yes, sir.

Examiner Burchmore: And a portion of this indebtedness represents that cost?

Mr. Smyth: That is included in this \$127,000 I mentioned.

Examiner Burchmore: Do you contemplate in the near future funding your debts?

Mr. Smyth: That has been talked about, but nothing definitely arrived at so far.

Examiner Burchmore: No particular advantage in doing that, is there?

2284 Mr. Smyth: No, sir.

Examiner Burchmore: Is there any obstacle in the way of doing it?

Mr. Smyth: None that I know of. If it was done it would be just simply giving the stockholders in the lumber company some evidence of the debt that they have not now, except this last purchase, there was a note given for that, and I believe the intention is to pay it when the note is due. It is a short time note.

Examiner Burchmore: What is the weight of the rail in this road?

Mr. Smyth: 35 pounds

Examiner Burchmore: Ballasted?

Mr. Smyth: Just ordinary surfaced track, like most of the roads of that nature are, except that it is in good condition and perfectly safe

Examiner Burchmore: Are there any severe grades?

Mr. Smyth: No, sir, none except what the trains can very easily negotiate.

Examiner Burchmore: What is the sharpest curve on the line? Mr. Smyth: I could not say without referring to the records.

Examiner Burchmore: Any bridges? 2285 Mr. Smyth: Yes, quite a number.

Examiner Burchmore: Steel bridges?

Mr. Smyth: No, wooden.

Examiner Burchmore: Over large streams?

Mr. Smyth: No, just small streams.

Examiner Burchmore: Have you any station buildings?

Mr. Smyth: Yes, sir, we have one station building of our own, and then we occupy the Cotton Belt station jointly at Draughon. Examiner Burchmore: Do you have a joint agency there?

Mr. Smyth: Yes, sir.

Examiner Burchmore: What proportion of the total expenses of the station and what proportion of the agent's salary does your road

Mr. Smyth: At Draughon we pay about 77 per cent of the agent's salary, and one-half of all the expenses of running the station includ-

ing printing and everything of that sort.

Examiner Burchmore: Then I judge that station is chiefly used

for your work?

Mr. Smyth: No, it is used as much for the Cotton Belt as it is for us.

Examiner Burchmore: Then it is owned by the Cotton

Belt?

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Mr. Smyth: The building is owned by the Cotton Belt, yes, sir. Examiner Burchmore: I wanted to see why you paid most of the expenses.

Mr. Smyth: Well, they imposed that on us and we just had to stand it I suppose, or else hire an agent of our own, and it was cheaper

Examiner Burchmore: What does 77 per cent of the agent's sal-

ary come to?

Mr. Smyth: His salary amounts to \$55,00 a month, and I believe the Cotton Belt stands \$12.50 and we stand the rest. Now at New Edinburg, our other station, we have an exclusive agent that we pay a salary to, and who devotes all his time to our business.

Mr. Riddell: That is the railroad business?
Mr. Smyth: Yes, sir. He has no connection with the lumber com pany at all. We have had him located there several years in the exclusive employ of the railroad company.

Examiner Burchmore: Are there any other stations on your line where there are no buildings?

2287 Mr. Smyth: There are no stations. We have some blind sidings—

Examiner Burchmore: From a tariff standpoint, do you have any

other stations?

Mr. Smyth: Yes, sir, we have stops by the name of Carter, Hebron, Tucks, New Edinburg; that is the regular station mentioned before, where there is an agent located.

Mr. Riddell: Those are points at which you receive and deliver

freight?

Mr. Smyth: Yes, sir, for freight, except that those first three mentioned are small blind sidings.

Mr. Riddell: You would deliver prepaid shipments of merchandise

if you had any?

Mr. Smyth: Yes, sir, and we also stop there for passengers, on flag.

And at Glynn.

Examiner Burchmore: What is the connection with the Warren &

Ouachita Valley Railroad?

Mr. Smyth: Glynn.

Examiner Burchmore: Do you interchange any traffic with that road?

Mr. Smyth: Yes, sir. That road connects with the Iron 2288 Mountain at Warren, and the Rock Island at Banks.

Examiner Burchmore: Leaving the question of traffic for a moment, how many locomotives does the railroad company have?

Mr. Smyth: Three.

Examiner Burchmore: Does it operate all those locomotives?

Mr. Smyth: Yes, they use three of them most of the time, but use two every day. Some times the other one is not in commission. Examiner Burchmore: Do you own those locomotives?

Mr. Smyth: Yes, sir.

Examiner Burchmore: How many cars do you own?

Mr. Smyth: 35 skeleton logging cars, one box car, one tank car, one caboose, and one combination passenger coach.

Examiner Burchmore: How many road employés are there, or

how many section gangs?

Mr. Smyth: Ordinarily we have one; sometimes two, depending on conditions.

Examiner Burchmore: Do either of those gangs perform any work off of your line?

Mr. Smyth: No, sir. The spurs do not belong to the railroad company, and the lumber company employs all its own men.

2289 Examiner Burchmore: Do you have any station employes other than the two agents referred to?

Mr. Smyth: No other station employés except when required occasionally, they may hire extra men to help handle freight or something of that sort.

Examiner Burchmore: What employes are there in the general

office of the railroad company?

Mr. Smyth: Myself and the assistant auditor. He is located at Draughon, and I am located in Kansas City.

Examiner Burchmore: The clerks of the lumber company do not

work for the railroad company?

Mr. Smyth: No, sir, except this man in Draughon that I mention, a part of his salary is paid by the lumber company and part of it by the railroad company. He is employed by the railroad company, but we pay—I should say he is employed by the lumber company, but we pay them for whatever time he uses for the railroad company.

Examiner Burchmore: What does he do?

Mr. Smyth: He looks after the general accounting of the business done down there at that end of the line.

Mr. Riddell: He is the one you said was assistant auditor?

Mr. Smyth: Yes, sir.

Examiner Burchmore: Give us briefly the particulars of your

train service and its character.

Mr. Smyth: We have a mixed train which leaves Draughon daily except Sunday in connection with the local Cotton Belt passenger, making the round trip to New Edinburg. This train makes two trips daily connecting with local passengers both north and south. It carries the mail and express which is handled by freight on our road, but—

Examiner Burchmore: The express company does not operate

over your line?

Mr. Smyth: No, but we have an arrangement with them whereby we take their express and deliver it at New Edinburg. We have the privilege of handling it any way we want to, just so we are responsible for it.

Mr. Riddell: That is substantial an express service, is it not? Mr. Smyth: It is equivalent to it, except we bill the packages the same as we would local freight shipments.

Examiner Burchmore: Do you publish a time table?

2291 Mr. Smyth: Yes, sir.

Examiner Burchmore: Do you wish to file a copy of it?

Mr. Smyth: I have none here, but we can file one.

Examiner Burchmore: It is not necessary unless you deem it desirable.

Mr. Riddell: Is the time table in the Official Guide?

Mr. Smyth: I think it is, yes, sir.

Mr. Riddell: If it is not it might be well to file one.

Mr. Smyth: All right, I will file one.

Examiner Burchmore: How many freight trains do you run aside

from the trains described, any?

Mr. Smyth: We run a regular train each way daily, and then an extra train when the occasion requires. These trains run on orders issued by the General Superintendent, made up in standard railway form.

Examiner Burchmore: The first of these trains is the same train

you referred to a few minutes ago as-

Mr. Smyth: No.

Examiner Burchmore: As your mixed train?

Mr. Smyth: Well, the one I mentioned first is a mixed train, but in addition to that we operate two regular freight trains that handle logs and lumber.

2292 Examiner Burchmore: What is the extent of your pas-

senger traffic?

Mr. Smyth: It is not as heavy as we would like for it to be. It amounts to about 5 per cent of the gross revenue of the road.

Examiner Burchmore: How many passengers did you carry during some period for which you may have the figures?

Mr. Smyth: Last year I think we carried about 3,000 passengers.

Examiner Burchmore: They all paid fares? Mr. Smyth: Yes,

Examiner Burchmore: Do you have published tariffs covering passenger service?

Mr. Smyth: Yes, sir.

Examiner Burchmore: Are they filed with the Interstate Commerce Commission?

Mr. Smyth; I think so. If they are not they ought to be. Examiner Burchmore: Well, they are state fares; I do not know whether they would be filed or not.

Mr. Smyth: We make it a practice, though, to file everything

of that nature.

Mr. Riddell: I do not know whether the Commission re-2293 quires that or not, where they are just local fares,

Examiner Burchmore: Not if you do not cross the state

line and do not sell any through tickets.

Mr. Smyth: I do not know as to that.

Examiner Burchmore: Do you carry any people free?

Mr. Smyth: None except those with passes.

Examiner Burchmore: Are any lumber company employés the recipients of passes?

Mr. Smyth: Yes, sir, some of them are.

Examiner Burchmore: Those who travel on the lumber company's business?

Mr. Smyth: Yes.

Examiner Burchmore: With respect to your freight traffic, what is your total tonnage?

Mr. Smyth: The total tonnage for the fiscal year ending June 30th, 1910, was 75,753 tons.

Examiner Burchmore: That is of all speciees of traffic?

Mr. Smyth: Yes, sir.

Examiner Burchmore: How much of that was lumber?

Mr. Smyth: About 17 per cent.

Examiner Burchmore: Was lumber, 17 per cent.

Mr. Smyth: 17 per cent lumber, and 81 per cent of it was 2294 logs.

Examiner Burchmore: Then 98 per cent was logs and lumber?

Mr. Smyth: Yes.

Examiner Burchmore: That is what I meant.

Mr. Smyth: And two per cent of it was merchandise of various kinds.

Examiner Burchmore: How much of that logs and lumber was transported for the Saline River Lumber Company or on its account?

Mr. Smyth: Well, practically all of it. We handled some lumber for other parties, but I do not think there was more than two or three carloads in the year that were shipped possibly from New Edinburg.

Examiner Burchmore: I am going to ask you to file a tonnage

statement of the nature called for from other parties.

Mr. Riddell: Yes, I understand what that is, I believe.

Examiner Burchmore: This statement you are making now is sufficiently general for the purposes of this record, and the tonnage statement will be accurate. Has this company any commissary along the line?

Mr. Smyth: No.

Examiner Burchmore: So the other two per cent you refer 0995 to is farm products or general merchandise handled for interests who are wholly separate from the lumber company?

Mr. Smyth: Handled to and from this town of New Edinburg I

mentioned before.

Examiner Burchmore: Is this town a company town?

Mr. Smyth: No, I do not think any of our employés live there. and we have no interest in it.

Examiner Burchmore: You will give those figures in tons as well

as in dollars of revenue?

Mr. Riddell: I understand exactly what is wanted in that respect and I will see that it is furnished.

Examiner Burchmore: Are rates published from your line in

connection with the milling in transit privilege?

Mr. Smyth: In one direction we have with the Cotton Belt, we have rates too with the Warren & Ouachita Valley and the Rock Island also.

Examiner Burchmore: Are the through rates from the point of origin on your line to interstate destinations, where there are such through rates, the same as the Cotton Belt rates from Draughon

and in that vicinity? Mr. Smyth: Yes, sir.

2006 Examiner Burchmore: Then the junction point rate applies over your line?

Mr. Smyth: Yes.

Examiner Burchmore: You have rates also in connection with the Warren & Ouachita Valley and the Rock Island?

Mr. Smyth: Yes.

Examiner Burchmore: Are those the same rates in a general way as over the Cotton Belt?

Mr. Smyth: Yes, the rates are practically the same.

Examiner Burchmore: The rates are the same both ways?

Mr. Smyth: Yes.

Examiner Burchmore: How about the divisions? In the first place, what are your divisions with the Cotton Belt?

Mr. Smyth: They range from one to two and a half cents. Examiner Burchmore: Is two and a half cents the greatest divi-

ion you receive from the Cotton Belt?

Mr. Smyth: I think so. I never noticed any division larger than that, possibly on account of not having made any shipment to other points where there are higher rates.

Mr. Riddell: That seems to be the basis which is very com-

mon with the Cotton Belt, and I imagine it is correct.

Examiner Burchmore: I was under the impression you got a division of three and a half cents out of the Cotton Belt.

Mr. Smyth: No, it is via the W. & O. V and the Rock Island.

Examiner Burchmore: Now wait a minute-

Mr. Smyth: I think you will find that is not wrong, because I would be glad if you did.

Examiner Burchmore: I guess you are right. What are the

divisions over the Rock Island?

Mr. Smyth: Three and a half cents.

Examiner Burchmore: Standard three and a half cents?

Mr. Smyth: Yes.

Examiner Burchmore: Then I suppose all your traffic goes over the Rock Island?

Mr. Smyth: No, not all of it. It depends a good deal upon the car supply.

Examiner Burchmore: They get all the competitive traffic?

Mr. Smyth: Yes, of course.

Examiner Burchmore: Naturally.

Mr. Smyth: Yes.

2298 Examiner Burchmore: How much does the Warren & Ouachita Valley Railway get out of this traffic that goes over the Rock Island?

Mr. Symth: One and one-half cents,

Examiner Burchmore: So the Rock Island sacrifices five cents? Mr. Smyth: Yes, they give up five cents, but they get something out of it themselves.

Examiner Burchmore: They get the balance?

Mr. Smyth: Yes.

Examiner Burchmore: Has the Cotton Belt System manifested any intention or evidence of raising its divisions?

Mr. Smyth: No, sir.

Examiner Burchmore: They would rather lose the traffic?

Mr. Smyth: I never heard anything about raising it at all. They

are more inclined to cut it down, if anything.

Mr. Riddell: Will you permit me to ask a question right here. You said in reply to a query that all your competitive business went over the Rock Island. Do you mean that? Is not all this lumber business practically competitive?

Mr. Smyth: Well, I mean where everything was equal and we had the choice of routes, we would naturally give it to the 2299 Rock Island.

Mr. Riddell: You give it a preference?
Mr. Smyth: Yes, sir, on account of the divisions.

Mr. Riddell: But I understand all this lumber traffic is competitive by reason of its destination; it can be reached by the Cotton Belt or the Rock Island.

Mr. Smyth: Not in every case.

Mr. Riddell: But substantially?

Mr. Smyth: Yes.

Examiner Burchmore: What proportion of your traffic goes out over the Rock Island now?

Mr. Smyth: I suppose at the present time about half of it.

Examiner Burchmore: Have you a contract with the Rock Island?

Mr. Smyth: No, not to my knowledge.

Examiner Burchmore: It seems to me that ordinary business policy would prompt you to send everything by the Rock Island that you could send that way.

Mr. Smyth: This arrangement has not been in effect very long

and---

2300 Examiner Burchmore: Well, since it has been in effect?

Mr. Smyth: And the car supply has cut quite a figure in the case. Recently we have been up against a car shortage

down there, and it has been more a question of getting cars to load the lumber in than the matter of divisions.

Examiner Burchmore: When did the Rock Island establish di-

visions with your company?

Mr. Smyth: I could not say exactly, but it was along some time early this year.

Examiner Burchmore: Since this tap line question was actively under consideration?

Mr. Smyth: Yes, sir.

Examiner Burchmore: Is it your understanding that the Rock Island has been expanding the list of roads to which it gives allowances recently?

Mr. Smyth: I could not say.

Mr. Gaughan: This is merely a split of Mr. Hobbs' division on the Warren & Ouachita Valley?

Mr. Riddell: Was your arrangement made with the Rock Island or the Warren & Ouachita Valley?

Mr. Smyth: I could not say positively, as I had nothing to do with it. I imagine, though, since considering it further, that the 2301 arrangement was made with the Warren & Ouachita Valley.

Mr. Riddell: I ask that question, because in discussing this question last night with Mr. Carter and Mr. Stocking I understood very specifically that the arrangement was made with the Warren & Ouachita Valley because I recall having made the suggestion that the Warren & Ouachita Valley had that basis presumably over its own line, and it could very readily extend it to include connecting lines, providing they did not ask any further assistance from the Rock Island.

Examiner Burchmore: The only trouble about that is that the Warren & Ouachita Valley does not get five cents on all its traffic.

Mr. Riddell: That is the suggestion I offered them, and they concurred in it and gave me to understand that the arrangement had been made with the Warren & Ouachita Valley.

Mr. Smyth: I am forming my own opinion from the Rock Island

division sheets.

Mr. Riddell: The witness will give you a definite written statement with whom that arrangement was made, if you care to have it.

Examiner Burchmore: I suggest that you might do so, that we can understand it. The Warren & Ouachita Valley only get 2302 a division of three cents on some traffic, or that was formerly true at least. There is no traffic you send via the Rock Island on which you get less than three and a half cents.

Mr. Smyth: That is my understanding.

Examiner Burchmore: Is there any territory you cannot reach over the Rock Island?

Mr. Smyth: Yes, sir, some points.

Examiner Burchmore: Any extensive points?

Mr. Smyth: I think not; no territory to which the lumber company ships,

Examiner Burchmore: Is there any territory that you cannot reach that the Warren & Ouachita Valley people do reach?

Mr. Smyth: Not that I know of.

Examiner Burchmore: Then it means that with respect to a part of the traffic reaching the Rock Island rails over the Warren & Ouachita Valley, the Rock Island raised its three cents division to a five cent division when accorded to the two companies?

Mr. Smyth: That is a matter that I could not state definitely.

Examiner Burchmore: Well, is that your impression?

Mr. Smyth: No, I have no ideas at all on that point. I am 2303 simply giving you what the Rock Island divisions sheets show is our proportion of that rate in certain tariffs that it covers. Aside from that I know nothing about it, because I have not investigated it.

Examiner Burchmore: I suggest you include in your communication any general statement you can make in this particular such as you think the Commission ought to be informed about so it will make

the record complete.

Mr. Riddell: We will furnish a comprehensive statement in regard to this division arrangement, as to how it was made, and give full information about it.

Examiner Burchmore: Now do you have any joint class rates with

either of your connections?

Mr. Smyth: We have some class and commodity rates, but I could not say positively just what they are at the present time. The only through billing that I have in mind now to our line is shipments of grain and flour. We have through rates on stuff of that kind from the Missouri Pacific points in Missouri, and we have received shipments recently on—

Mr. Riddell: If you have through rates on food products it is quite reasonable to assume you have it on merchandise generally?

2304 Mr. Smyth: I think so, but there is very little traffic of

that kind.

Examiner Burchmore: You have local tariffs on file with the Commission which would cover any such business, if they are not covered by the through rate?

Mr. Smyth: I think so.

Examiner Burchmore: For particulars as to your rates, we can refer to your tariffs, but what is your general basis of divisions on class freight, if you are able to testify as to that? Mr. Smyth: The only one I can mention positively from memory is the rate on flour from points on the Missouri Pacific in Missouri, on which our division is 15 per cent of the Kansas City rate, which is 29 cents per 100 pounds.

Mr. Riddell: Might it not be well to have the witness file a statement as to just what through rate he has on other than forest prod-

ucts, and the divisions he gets out of that?

Examiner Burchmore: Yes, you may file such a statement.

Mr. Smyth: That division just mentioned would amount to 4.35

cents per 100 pounds.

Examiner Burchmore: I do not think it is necessary to go into the particulars of this phase of the matter further than to ask whether you are endeavoring to comply with all the state and Federal laws, such as the safely appliance act and rate legislation, that govern the methods and practice of railway common carriers.

Mr. Smyth: We are, and also are observing the Sixteen Hour law. Examiner Burchmore: And you are incorporated as a common

carrier under the laws of Arkansas?

Mr. Smyth: Yes, sir.

Examiner Burchmore: And you hold yourselves out to the public as desiring to transport any traffic offered to you?

Mr. Smyth: Yes, sir.

Examiner Burchmore: What is the valuation of the road and equipment?

Mr. Smyth: The book value is \$160,707.16.

Examiner Burchmore: Do you think that is the real value? Mr. Smyth: I do not know, that is what the road has cost. Examiner Burchmore: Has it actually cost that?

Mr. Smyth: Yes, sir.

Examiner Burchmore: A good deal of that ocst represents cost of changes in line and replacing originally poor construction incident to the taking over of what were formerly purely logging 2306 tracks.

Mr. Smyth: Yes, sir, and improving the road and putting

it in shape.

Examiner Burchmore: It would not cost that much to build the present railroad as an initial proposition?

Mr. Smyth: No, sir.

Examiner Burchmore: Has this road ever paid dividends?

Mr. Smyth: Not to my knowledge.

Examiner Burchmore: Would you know if it had?

Mr. Smyth: No, unless it had paid dividends within the last two or three years, which it has not. The road now shows a deficit of some \$12,000

Examiner Burchmore: A year?

Mr. Smyth: No. that is the total deficit,

Examiner Burchmore: What was the deficit when you came on the road?

Mr. Smyth: About the same.

Examiner Burchmore Then you have been coming out even for the past few years? Mr. Smyth: No, the past year we lost \$8,233.13.

Examiner Burchmore: But for the fiscal year 1909 you had a net profit of something in excess of \$2,000?

2307 Mr. Smyth: Is that correct?

Examiner Burchmore: Is it not correct?

Mr. Smyth: I do not know about those figures.

Examiner Burchmore: Does that sound right to you?

Mr. Smyth: No, sir. 1909? According to my record, at the end of 1909 the books showed a deficit of \$4,086.36.

Examiner Burchmore: Yes, for two or three years preceding, but from the operation for that particular year—

Mr. Smyth: For the current year?

Examiner Burchmore: You made about \$2,000?

Mr. Smyth: Well, possibly so. I have no figures on that,

Examiner Burchmore: Well, we have that figure in; whether it is correct or not I am not sure, but the total operating revenues for that year are given as \$27,438.76, total operating expenses, \$25,421.22. Now of those operating revenues I might state that \$22,845 was on freight supplied by the controlling interests supposedly, and other traffic paid \$2,988.04. Then we have passenger traffic about \$1,000 and mail, switching and rents about \$500 for that year.

Mr. Smyth: Those are the figures furnished to the Commission

in the annual report?

2308 Examiner Burchmore: I think so. They are contained here in a special report by one of our examiners.

Mr. Smyth: The amount I mentioned of \$4,086,36-

Examiner Burchmore: Is an accumulated deficit, including the previous years.

Mr. Smyth: Yes, sir.

Examiner Burchmore: Have I asked you about the salaries of the general officers?

Mr. Smyth: No.

Examiner Burchmore: What are they?

Mr. Smyth. None of the general officers draw salaries except myself and the general superintendent.

Examiner Burchmore: Is your entire salary paid by the railroad?
Mr. Smyth: One fourth by the railroad and one fourth by the Saline River Lumber Company, and one fourth by the Doniphan.
Kensett & Searcy.

Examiner Burchmore You testified for the Doniphan, Kensett

& Searcy?

Mr. Smyth: Yes, sir; and one quarter by the Doniphan Lumber Company.

2309 Examiner Burchmore: You work about one quarter of the time for each of these companies?

Mr. Smyth: And sometimes overtime.

Examiner Burchmore Well, about half of your time for each of these four companies?

Mr. Smyth: Yes, sir. I think the time is pretty well distributed between the four proportionately.

Examiner Burchmore: Will you please describe briefly the servthis company rendered for which it is paid these divisions? What these divisions supposed to cover in the case of shipments movover the Cotton Belt, and what do they in fact cover?

Mr. Smyth: The divisions are supposed to cover the service permed in hauling the logs to the mill from the spur connection, e lumber company pays the railroad company \$3.00 per car for aling the logs to the main line on their spurs. The logs are

ded by the lumber company.

Examiner Burchmore: Then these private spurs are operated by lumber company for the railroad company?

Mr. Smyth: Yes, sir, that is as far as hauling logs is con-

cerned. 10 Exai

Examiner Burchmore: Who unloads them at the mill?

Mr. Riddell: You have not answered the question fully

Mr. Smyth: In what respect?

Mr. Riddell: You asked him what service he gives for this com-

nsation.

Examiner Burchmore: Just continue the description of the moveent of the logs and lumber with such details as you regard imrtant.

Mr. Riddell: That is all you perform, I think. You haul them om the junction of the spur to the main mill.

Mr. Smyth: They are there unloaded.

Mr. Riddell: And the loaded lumber is handled by the Cotton

Mr. Smyth: Yes, sir.

Examiner Burchmore: If cars are furnished by the Cotton Belt?

Mr. Smyth: Yes, sir

Examiner Burchmore: But it is accurate to state as a matter of et the lumber is loaded directly on to the cars by the Cotton Belt if no other railroad was there?

Mr. Smyth: Yes, sir.

Examiner Burchmore: How about the billing?

Mr. Smyth: The bills of lading read from Carter, Ar-

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Examiner Burchmore: Which is back on your line?

Mr. Smyth: Which is a point back on our line.

Examiner Burchmore: And do you issue those bills of lading?
Mr. Smyth: They are signed by the agent of the Cotton Belt and
me Saline River agent.

Examiner Burchmore: But he signs them in his capacity as your gent?

Mr. Smyth: Yes, sir.

Examiner Burchmore; And he issues through way bills?

Mr. Smyth: He issues through way bills, yes, sir, for the Cotton lelt Company on shipments outbound and transfer made with the lip.

Examiner Burchmore Slip transfer?

Mr. Smyth Yes, sir, and southbound billing on shipments by the

Rock Island it is done by the same agent on the forms of the Saline River Railway. We haul those cars to Glynn, a distance of a little over 19 miles; that is the service performed on that part of the business.

2312 Mr. Riddell: That haul down from Draughon to this intersection of the Warren & Ouachita Valley, is in addition to the service you perform on shipments going out via the Cotton Belt?

Mr. Smyth: Yes, sir.

Examiner Burchmore: But there is no milling in transit on the Rock Island?

Mr. Smyth: No.

Examiner Burchmore: So the billing is from Draughon?

Mr. Smyth: Yes.

Mr. Riddell: But that billing must cover the service he renders? Examiner Burchmore: But the logs are hauled for this other charge into the mill?

Mr. Smyth: Yes.

Examiner Burchmore: You pay the same charge on logs which subsequently move out on the Rock Island as on those which move out on the other roads?

Mr. Smyth: Well, there is a difference, there are some logs delivered in the pond there at the mill, and it is assumed that they will about equal the timber shipped out over the Rock Island, if there would be any distinction made on that point.

Examiner Burchmore: Then the lumber company pays charges on some logs that go to the mill?

Mr. Smyth: The lumber company?

Examiner Burchmore: Yes.

Mr. Smyth: They pay only the \$3.00 per car for bringing the logs into the main line.

Examiner Burchmore: Then that is not credited against the outbound charges?

Mr. Smyth: No.

Examiner Burchmore: Then on logs which are moved into the mill and subsequently moved out in the shape of lumber to Rock Island destinations, as a matter of fact the Saline River Railroad receives no charge for its haul into the mill?

Mr. Smyth: No.

Examiner Burchmore: It gets an indirect benefit from the lumber moving out?

Mr. Smyth: Yes.

Examiner Burchmore: But no direct charge?

Mr. Smyth: No.

Examiner Burchmore: There is a contract, is there not, between your company and the Cotton Belt?

2314 Mr. Smyth: I do not know of any.

Examiner Burchmore: Well, if I should tell you there is a contract you will look for it, will you not?

Mr. Smyth: Yes.

Examiner Burchmore: Would you have heard of it if there was?

Mr. Smyth: I might not have heard of it. These rates have

beeen in effect for a long time.

Examiner Burchmore: I will ask you to file with the Commission a contract between your railroad or the lumber company and the Cotton Belt.

Mr. Smyth: Relating to divisions?

Examiner Burchmore: Relating to anything. I have not seen the contract and only a reference to it.

Mr. Smyth: If there is one.

Examiner Burchmore: I have a report to which the copy is referred to as being attached, but it is in fact detached.

Mr. Smyth: We will furnish it if we have it.

Examiner Burchmore: What is the nature of the contract between your railroad and the Warren & Ouachita Valley?

Mr. Smyth: We will also furnish you a copy of that

contract.

Examiner Burchmore: If that contract relates particularly to rates or divisions, the regulations of the Commission require its

Mr. Smyth: Yes.

Examiner Burchmore: I will say that I have what purports to be a copy of a contract dated January 7th, 1909, between the Warren & Ouachita Valley Railroad Company and your railway company, so you need not file that contract.

Mr. Riddell: You only want the ones with the Cotton Belt then? Examiner Burchmore: Yes.

Mr. Smyth: Does that refer to shipments of lumber or logs?

Examiner Burchmore: I do not know, it is a long document. you know what it provides? We will read it and find out what it provides, and you can read it and find out what it provides. It is long enough to provide anything. What is the extent of the private spur tracks or tram road owned by the lumber company which connects with this railroad?

Mr. Smyth: At the present time I should say about seven

miles.

2316 Examiner Burchmore: Who owns those spur tracks? Mr. Smyth: The Saline River Lumber Company.

Examiner Burchmore: Who built them?

Mr. Smyth: The Saline River Lumber Company.

Examiner Burchmore: Who owns the rails? Mr. Smyth: The Saline River Lumber Company.

Examiner Burchmore: How did they get them?

Mr. Smyth: I could not say.

Examiner Burchmore: They did not buy them from the rail-

Mr. Smyth: They have had them a number of years?

Examiner Burchmore: Do you make any interline settlements with the Cotton Belt?

Mr. Smyth: Yes.

Examiner Burchmore: How do you settle your charges on traffic going to the Rock Island?

Mr. Smyth: Direct with the Rock Island or the delivering line. Examiner Burchmore: Then you get your divisions from them and the Warren & Ouachita Valley gets its division from the Rock Island?

Mr. Smyth: Not in every case. In some cases we settle 2317 with the delivering carrier.

Examiner Burchmore: Well, some other road, such as the

New York Central? Mr. Smyth: Yes.

Mr. Riddell: I think the accounting department arrangement is that the delivering line divides up the revenue and settles with all the roads.

Mr. Smyth: Yes; for instance, if we had a few cars going to the Northern Pacific we would settle direct with the Northern Pacific.

Mr. Riddell: This railroad company owns all this property including its right of way, does it not?

Mr. Smyth: Yes, sir.

Mr. Riddell: And I believe you said, I am not certain, that your locomotives and your cars, except the skeleton cars, were equipped with air brakes in accordance with the rules of the Commission?

Mr. Smyth: Yes, and automatic couplers.

Mr. Riddell: Do you have any platform scales for the weighing of less than carload freight?

Mr. Smyth: Yes, sir, all less than carload shipments are

2318 weighed.

Mr. Riddell: Are you prepared to operate over spurs for other people on the same basis as you do for the Saline River Lumber Company?

Mr. Smyth: Yes.
Mr. Riddell: At New Edinburg are there any stores?
Mr. Smyth: There are eight or ten, or possibly twelve stores.

Mr. Riddell: Is there a bank there?

Mr. Smyth: Yes.

Mr. Riddell: And your line handles merchandise into that point? Mr. Smyth: Into and out also.

(Witness excused.)

Whereupon, at 6:35 P. M., a recess was taken until 8:00 P. M.

2319

Evening Session.

8 P. M.

Fourthe River Valley & Indian Territory Railway Company.

F. H. Hartshorn, was called as a witness, and having been duly sworn, testified as follows:

Examiner Burchmore: I understand you are president of this railway company.

Mr. Hartshorn: Yes.

Examiner Burchmore: Are you an officer of any lumber company?

Mr. Hartshorn: Vice-President and general manager of the Fourche River Lumber Company.

Examiner Burchmore: By whom is the Fourche River Lumber

Company owned or controlled?

Mr. Hartshorn: By Bigelow Brothers & Walker Company, headpuarters in Chicago.

Examiner Burchmore: Are Bigelow Brothers & Walker interested

in lumber operations elsewhere?

Mr. Harthorn: I think not, but I would not make that as an absolute positive statement.

Examiner Burchmore: But insofar as you are advised?

2320 Mr. Hartshorn: No.

Examiner Burchmore: By whom is the Fourche River Valley & Indian Territory Railway owned and controlled?

Mr. Hartshorn: The Fourche River Lumber Company.

Examiner Burchmore: Are the stockholders of the two companies common, or what is the relation?

Mr. Hartshorn: Virtually so; there are only five qualifying shares

outside.

Examiner Burchmore: I understand that this railway company was incorporated in August, 1905, in Arkansas as a successor to the Arkansas River & Southern Railway Company?

Mr. Hartshorn: Yes.

Examiner Burchmore: The present company is a common carrier railroad under its charter?

Mr. Hartshorn: Yes.

Examiner Burchmore: Irrespective of what its practices may be.

Mr. Hartshorn: Yes, sir.

Examiner Burchmore: Was the Arkansas River & Southern Railway Company ostensibly a common carrier railroad?

Mr. Hartshorn: Yes, sir. Examiner Burchmore: Now, as a matter of fact Fourche River Lumber Company and this railroad company are in substance controlled by Bigelow Brothers & Walker?

Mr. Hartshorn: They are.

Examiner Burchmore: The Fourche River Lumber Company has a mill located at Gravtown?

Mr. Hartshorn: It has.

Examiner Burchmore: Has it any other mill?

Mr. Hartshorn: It has not in operation.

Examiner Burchmore: The line of the Fourche River Valley and Indian Territory Railroad as I understand it connects with the Rock Island system at Bigelow, Arkansas?

Mr. Hartshorn: It does.

Examiner Burchmore: Is that one of the termini of the road?

Mr. Hartshorn: It is.

Examiner Burchmore: Please describe in your own way the line

of the road and mileage.

Mr. Hartshorn: The Fourche River Valley & Indian Territory Railway starts at Bigelow, Arkansas, a junction point with the Rock Island and runs in a southerly direction for about six miles, then in a westerly direction, the total length of the road, main line, being 14.8 miles. In making this six miles it goes by Rankin Creek, which makes the length of the line more than six miles. I think it is nearer nine than six.

Examiner Burchmore: Then you have about 14.8 miles of main

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line?

Mr. Hartshorn: Yes.

Examiner Burchmore: And about two miles of side track?

Mr. Hartshorn: Yes.

Examiner Burchmore: This is a standard gauge line?

Mr. Hartshorn: Yes.

Examiner Burchmore: Does it connect with the line of any other railroad company?

Mr. Hartshorn: Incorporated railroad company, no, sir.

Examiner Burchmore: What private tram lines connect with it? Mr. Hartshorn: The Fourche River Lumber Company's.

Examiner Burchmore: What is the extent of those private tram

lines?

Mr. Hartshorn: The present line is about ten miles.

Examiner Burchmore: Where is that located with reference to the Fourche Railroad Company?

2323 Mr. Hartshorn: It joins the railway company at a place we call Wye, Arkansas, which is a post office.

Examiner Burchmore: Where is Wye with reference to the mill?
Mr. Hartshorn: It is about nine miles by railroad. That distance
will be verified by Mr. Collins.

Examiner Burchmore: Wye is not the other end of the line?
Mr. Hartshorn: No, sir. Bellevue is the other end of the line.
Examiner Burchmore: Are there any other mills on your line besides the one at Graytown?

Mr. Hartshorn: Not directly.

Examiner Burchmore: You said that this company had no other mill in operation?

Mr. Hartshorn: Yes.

Examiner Burchmore: Has it another mill which is not being operated?

Mr. Hartshorn: Yes, sir; a small shingle mill at Perry, Arkan-

Examiner Burchmore: How long has that been closed down?

Mr. Hartshorn: Five years anyway.

2324 Examiner Burchmore: This entire railroad is in Perry

County, Arkansas?

Mr. Hartshorn: A very short distance in Pulaski County. I do not know whether that has been filed with the Commission or not but we found that the corners there jogged and we run across. I do not know whether 181 feet, I think it is, into Pulaski County; a very short distance on account of the section corners there.

Examiner Burchmore: When was the mill at Graytown opened?

Mr. Hartshorn: In the fall of 1903.

Examiner Burchmore: Was it then operated by the present corporation?

. Mr. Hartshorn: It was,

Examiner Burchmore: When was the Fourche River Lumber Company incorporated?

Mr. Hartshorn: In the spring of 1903. Examiner Burchmore: About that time?

Mr. Hartshorn: Just prior to that, before that.

Examiner Burchmore: This is the first mill operation in which this company has been interested?

Mr. Hartshorn: Yes, sir. Examiner Burchmore: And the mill was built by this 2325 company?

Mr. Hartshorn: It was.

Examiner Burchmore: When was construction begun on this rail-

Mr. Hartshorn: In 1903, the spring I think of 1903.

Examiner Burchmore: How much of it was constructed at that time?

Mr. Hartshorn: Well, prior to the incorporation of the Fourche River Valley and Indian Territory Railroad there was about 8.9 miles.

Examiner Burchmore: Now, as a matter of fact this railroad in its inception was a mere plant facility, was it not? I mean it was originally built to draw the logs to the mill and the lumber from the mill to the railroad?

Mr. Hartshorn: The original building of the road was from a place that was called at that time Esau into the mill to facilitate

getting the machinery to the mill.

Examiner Burchmore: Where is Esau? Mr. Hartshorn: Esau is now Bigelow.

Examiner Burchmore: It was built from the junction with the Rock Island?

Mr. Hartshorn: It was built from the junction with the Rock Island to the mill site. 2326

Examiner Burchmore: That is only half a mile?

Mr. Hartshorn: Oh, well, no: I guess it is nearly three-quarters of a mile.

Examiner Burchmore: Well, it is less than a mile?

Mr. Hartshorn: Yes.

Examiner Burchmore: I thought you said the road was origin-

ally nine miles.

Mr. Hartshorn: No, I said we started there originally in that way and then in accordance with our attorney's advice, he advised us not to incorporate until we got through with all our other work. We intended to incorporate right along from the start.

Examiner Burchmore: What would have been your purpose in

incorporating?

Mr. Hartshorn: Because it would be the main line road, by that I mean the tap line road, we will call it.

Examiner Burchmore: You did not want to serve the public until

you got through serving vourselves?

Mr. Hartshorn: No, the trouble was with so much work on hand at one time, that is all.

2327 Examiner Burchmore: I thought the advice you would secure from your lawyer would be legal rather than practical.

Mr. Hartshorn: Yes.

Examiner Burchmore: He advised you not to incorporate. What

was the objection in his mind to the incorporation in 1903?

Mr. Hartshorn: Only in that way, just as the statement I have made to you. We told him in regard to different things and in regard to the railroad incorporation, and they are very sensible people—

Examiner Burchmore: I would not go any further into that, When was the balance of the road constructed, immediately after

the incorporation?

Mr. Hartshorn: Yes, sir; I think by November of that year the

balance of it was constructed.

Examiner Burchmore: Who constructed the portion of the road built after the incorporation?

Mr. Hartshorn: The railway company.

Examiner Burchmore: Did it do that construction itself or through contractors?

Mr. Hartshorn: Part of it was done by force account and part of

it under contract.

2328 Examiner Burchmore: Part of it then was constructed by the lumber company?

Mr. Hartshorn: Yes.

Examiner Burchmore: What charge did the lumber company make for the construction?

Mr. Hartshorn: We sold the 8.9 miles, about that, for \$219,500 worth of the stock of the railway company.

Examiner Burchmore: Was there any other stock issued?

Mr. Hartshorn: \$500.

Examiner Burchmore: And that went to directors?

Mr. Hartshorn: Yes, sir.

Examiner Burchmore: Was that \$219,000—

Mr. Hartshorn: \$219,500.

Examiner Burchmore: Was that supposed to be the actual cost of the construction of that eight miles of road?

Mr. Hartshorn: No, the road actually cost without any interest,

just a trifle under \$200,000.

Examiner Burchmore: What was the \$19,000?

Mr. Hartshorn: That was in the nature of making up their interest and—

Examiner Burchmore: That was supposed to be actual cost plus interest on the investment?

2329 Mr. Hartshorn: Yes, virtually that.

Examiner Burchmore: The financing then of the road originally was arranged by the lumber Company?

Mr. Hartshorn: Yes, sir.

Examiner Burchmore: What is the present capitalization of the railroad?

Mr. Hartshorn: \$220,000.

Examiner Burchmore: There has been no increase in the capitalization?

Mr. Hartshorn: No.

Examiner Burchmore: Are there any bonds outstanding?

Mr. Hartshorn: \$100,000.

Examiner Burchmore: In whose hands are they?

Mr. Hartshorn: They are in the Fourche River Lumber Company.

Examiner Burchmore: On what account were they issued? Mr. Hartshorn: On account of indebtedness, to take up notes.

Examiner Burchmore: What did those notes represent?

Mr. Hartshorn: Money advanced to the railway company.
Examiner Burchmore: What use was made of that money?
Mr. Hartshorn: Construction.

Examiner Burchmore: Construction of what? 2330 Mr. Hartshorn: Of the balance of the road. Examiner Burchmore: The \$219,500 only covered the

Mr. Hartshorn: The 8.9 miles, about.

Examiner Burchmore: Then you constructed an additional 8 or 9 miles?

Mr. Hartshorn: 14.8, the difference between that.

Examiner Burchmore: Then you construction 6 miles more?

Mr. Hartshorn: Just about.

Examiner Burchmore: That cost only \$100,000? Mr. Hartshorn: The actual cost was not that much.

Examiner Burchmore: It seems to me if you can build 6 miles for less than \$100,000 you ought to be able to build 8 or 9 miles for a good deal less than \$200,000.

Mr. Hartshorn: We spent in the neighborhood of \$25,000 for about one-eighth of a mile which covered the bridge, iron or steel bridge across the Fourche River with the approaches thereto.

Examiner Burchmore: That is in the original 9 miles?

Mr. Hartshorn: Yes, sir.

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Examiner Burchmore: What else was there that made that original construction so expensive?

Mr. Hartshorn: It is heavy work.

Mr. Walter: Did not that also include the equipment?

Mr. Hartshorn: Oh, yes. Examiner Burchmore: What was the value of the equipment that was included in the \$200,000?

Mr. Hartshorn: I think that was \$29,204,85.

Examiner Burchmore: Well, now you have \$25,000 for that eighth of a mile including the bridge and nearly \$30,000 for equipment; that makes \$55,000. Now, the difference between that and \$200,000 is \$145,000, that it cost you to construct about 8 miles of How do you reconcile that figure with the other figure of less than \$100,000 for the construction of the balance of the line?

Mr. Hartshorn: When we got on top of the plateau the construc-

tion was not as heavy as it was in getting on to the plateau.

Examiner Burchmore: Where is the top?

Mr. Hartshorn: At Wye, the 8.9 miles. Examiner Burchmore: Then both of those figures, I refer to the \$100,000 and the \$219,500 are supposed to represent actual cost of construction plus an interest charge?

2332 Mr. Hartshorn: Of the bonds, it was \$80,000, the actual amount.

Examiner Burchmore: And \$20,000 of that was discount?

Mr. Hartshorn: Discount.

Examiner Burchmore: Well, could you not have sold those bonds for better than 80?

Mr. Hartshorn: 5 per cent bonds at these times? I doubt it. Examiner Burchmore: Those are not a very safe investment then, those bonds?

Mr. Hartshorn: Well, not if the Commission rules against us.

Examiner Burchmore: How are those bonds secured?

Mr. Hartshorn: By mortgage of all the physical property and rolling stock.

Examiner Burchmore: Are those bonds in any way secured by the lumber company?

Mr. Hartshorn: No, sir.

Examiner Burchmore: I understand that the officers of the Fourche River Lumber Company and the Fourche River Valley and Indian Territory Railroad Company are substantially identical?

2333 Mr. Hartshorn: Yes, sir; a difference in positions that is all.

Examiner Burchmore: What is the weight of the rail in this railroad?

Mr. Hartshorn: 56-pound.

Examiner Burchmore: What is the character of the construction?

Mr. Hartshorn: First class.

Examiner Burchmore: It is a well built railroad?

Mr. Hartshorn: It is.

Examiner Burchmore: The bridges are substantial?

Mr. Hartshorn: Yes.

Examiner Burchmore: Has it any severe grades?

Mr. Hartshorn: It has, three per cent. I would rather have Mr. Collins testify on those matters, if you want to go in them in detail. Examiner Burchmore: I do not think it is necessary. If you say that the road is fairly well built—

Mr. Hartshorn: Yes, sir. We have a great deal of rock, the ma-

jority of it.

Examiner Burchmore: May I ask you about the station buildings or Mr. Collins?

2334 · Mr. Hartshorn: I can answer, in a general way. Examiner Burchmore: Just advise us in general.

Mr. Hartshorn: We entered into a contract with the Rock Island for joint tracks and station buildings at Bigelow.

Examiner Burchmore: What was the date of that contract?

Mr. Hartshorn: Well, now I-

Examiner Burchmore: Some years ago?

Mr. Hartshorn: Well, I would say that it was in the early part of 1906; and that contract provided for the maintaining of joint

tracks and stations, and in addition to that we have a two story station building, the upper portion of which is occupied by the officers of the railway company.

Examiner Burchmore: Where is that located?

Mr. Hartshorn: At Graytown. At Wye we have a store room and also at Bellevue a store room or warehouse.

Examiner Burchmore: Any additional freight platforms or other

freight facilities?

Mr. Hartshorn: We have at Orchard a freight platform and at Rankin and Bellevue—at all of the stations they have platforms there.

Examiner Burchmore: Those facilities are adequate 'for the handling of any freight that has thus far been offered to you?

Mr. Hartshorn: They are.

Examiner Burchmore: You have a station agent at Graytown and the agent at Bigelow I understand acts as a joint agent?

Mr. Hartshorn: Yes, sir.

Examiner Burchmore: Are there any other agents? Mr. Hartshorn: None in the broad sense of the word. Examiner Burchmore: In the sense of station agents?

Mr. Hartshorn: Yes.

Examiner Burchmore: Have you any track scales? Mr. Hartshorn: No, sir; the lumber company has.

Examiner Burchmore: Where are those track scales, in the mill yard?

Mr. Hartshorn: Yes, sir, or to the south.

Examiner Burchmore: Those track scales are used by the rail-way company?

Mr. Hartshorn: They are.

Examiner Burchmore: How many locomotives does this railroad own?

Mr. Hartshorn: One.

Examiner Burchmore: Does it lease any locomotives?

Mr. Hartshorn: It does not, except it has leased from the Rock Island, when repairs were necessary on its own locomotive.

Examiner Burchmore: What does it pay for that locomotive when

it leases it?

Mr. Hartshorn: To my best recollection it was ten dollars a day; it might have been twelve.

Examiner Burchmore: That was exclusive of fuel?

Mr. Hartshorn: Oh, yes.

Examiner Burchmore: You furnished the fuel?

Mr. Hartshorn: Yes.

Examiner Burchmore: And you furnished the crew?

Mr. Hartshorn: And the train crew.

Examiner Burchmore: What kind of a locomotive do you get for ten dollars a day?

Mr. Hartshorn: I would say it was a 65-ton, but now I am not prepared to say.

Examiner Burchmore: Pretty good locomotive? Mr. Hartshorn: Well, not as good as our own.

Examiner Burchmore: Your own locomotive is described in your reports to the Commission?

Mr. Hartshorn: Yes.

2337 Examiner Burchmore: How many passenger cars have you, if any?

Mr. Hartshorn: One combination.

Examiner Burchmore: One combination passenger and freight or passenger and caboose?

Mr. Hartshorn: Passenger and baggage. We carry freight in

it, too.

Examiner Burchmore: How many freight cars and what is their character?

Mr. Hartshorn: I would rather—I think I can go into the reports, or Mr. Collins can give you that.

Examiner Burchmore: Mr. Colins, can you state how many you have?

Mr. Collins: Yes, sir; two box cars, eleven flat cars, and forty-eight other cars.

Examiner Burchmore: Are there any cars owned by the lumber company and used by the railroad company?

Mr. Hartshorn: No. sir.

Examiner Burchmore: Does this company handle passengers for hire?

Mr. Hartshorn: It does.

Examiner Burchmore: What is the extent of its passenger traffic?

Mr. Hartshorn: To the best of my recollection it was about \$1100 for the last fiscal year.

Examiner Burchmore: What is your fare?

Mr. Hartshorn: Three cents a mile.

Examiner Burchmore: What is the usual collection from a passenger, ten cents, a quarter or fifty cents?

Mr. Hartshorn: I should say about thirty cents.

Examiner Burchmore: Do you handle the United States mail?

Mr. Hartshorn: Not under contract. The post office at Wye.

Arkansas, was established early this year, and I understand the mail contract will not be let until the next quarter.

Examiner Burchmore: You have reason to suppose you will get

the contract?

Mr. Hartshorn: We have.

Examiner Burchmore: Does any express company operate over your line?

Mr. Hartshorn: We do not—we carry the express which comes in as freight to the end of the line.

Examiner Burchmore: Under any arrangement with any express company?

2339 Mr. Hartshorn: No.

Examiner Burchmore: Do the passengers buy tickets?

Mr. Hartshorn: They do as much as we can make them, at the

Bigelow and Graytown depots, but none at the other end of the line as we have no agents.

Examiner Burchmore: Are agents of this lumber company trans-

ported over the railroad free?

Mr. Hartshorn: Two employees only.

Examiner Burchmore: What is your total freight tonnage inbound for a given period?

Mr. Hartshorn: In dollars and cents?

Examiner Burchmore: In tons?

Mr. Hartshorn: 145,351 tons.

Examiner Burchmore: For what period?

Mr. Hartshorn: For the fiscal year ending June 30, 1910.

Examiner Burchmore: Is that a substantial increase over the preceding year?

Mr. Hartshorn: I would say not. I should think it was about

the usual.

Examiner Burchmore: Is there any duplication of figures in that statement?

2340 Mr. Hartshorn: It includes the tonnage of the logs in and tonnage of the lumber out manufactured from those logs?

Examiner Burchmore: Have you made any separation of the logs

and lumber figures?

Mr. Hartshorn: The lumber out was, from the Fourche River Lumber Company alone, this is no, this is from the whole, from every one, 31,176 tons.

Examiner Burchmore: Now for the fiscal year ending June 30,

1908, your total figure seems to be 96,156 tons.

Mr. Hartshorn: 1908?

Examiner Burchmore: 1908.

Mr. Hartshorn: This is for the year 1910.

Examiner Burchmore: Then your traffic has increased?

Mr. Hartshorn: Over 1908, yes, sir. I was referring to 1909. Examiner Burchmore: You have given the figures of logs and lumber handled for the Fourche River Lumber Company. you any other figures on your traffic?

Mr. Hartshorn: Yes, that figure that I gave you, though, was for the lumber from all parties. Now forest products for other than the lumber company but not including lumber. 2341

4.543 tons.

Examiner Burchmore: What about lumber for other parties? Mr. Hartshorn: That is included in that 31,176. I can give you that later or furnish it to you later on if you desire it, but I cannot

pany, 86 per cent, and on forest products it was 96.8 per cent of that Fourche River Lumber Company traffic?

Mr Hartshorn: Yes, sir; I should say 95 per cent.

Examiner Burchmore: Have you any merchandise and general freight figures?

Mr. Hartshorn: Yes. sir. Freight for the Fourche River Lumber

Company, 2.683 tons; freight for other parties, 448 tons.

Examiner Burchmore: Have you got any percentages worked out?

Mr. Hartshorn: I have the freight of other than forest products for other parties, 14 per cent, and the Fourche River Lumber Company, 86 per cent, and on forest products it was 96.8 per cent for the Fourche River Lumber Company and 3.2 for other parties.

2342 Examiner Burchmore: Revenue freight and not tonnage?

Mr. Hartshorn: No, those are our tonnage figures.

Examiner Burchmore: Then of the entire tonnage of the road for that fiscal year I gather it is some 90 or 95 per cent which was furnished by the Fourche River Lumber Company?

Mr. Hartshorn: Yes, sir.

Examiner Burchmore: Will you prepare and file at your early convenience a tonnage statement such as we have requested from the other companies?

Mr. Hartshorn: Yes, sir.

Examiner Burchmore: At this point I might also ask for a map. Mr. Walter: We will do that, but Mr. Hartshorn has a map there

that I think he can furnish you.

Mr. Hartshorn: It is not a regular blue print but it is a map which shows the line of the road. Now this shows Little Rock. That is not literally true; Little Rock is farther down, and it shows also over here Walden; that is not literally true, it is farther west, But Bigelow and Graytown and the road are virtually correct.

Examiner Burchmore: What are the shaded portions of

2343 this map?

Mr. Hartshorn: The Fourche River Lumber Company's

land.

Examiner Burchmore: Could you mark it in on this map in ink. the precise location of your saw mill, or is it marked?

Mr. Hartshorn: No, it is not marked, but it is right in here.

(Indicating.)

Mr. Walter: Indicate it with an "X."

Mr. Hartshorn: Yes.

Examiner Burchmore: The mill is at the point marked "X" in ink on this map?

Mr. Hartshorn: Yes.

Examiner Burchmore: Is the connection with the Rock Island shown with approximate accuracy?

Mr. Hartshorn: It does not show any of the interchange tracks

here or the stations. Of course that is on a very small scale.

Examiner Burchmore: This map will suffice if you will also file a small sketch of the terminals at Bigelow and the interchange tracks there. I also suggest if you can file one or two copies of this map with the Commission it will be a convenience. pamphlet may be filed. Is it issued by your company?

2344 Mr. Hartshorn: By our agents.

(The paper so offered and identified was received in evidence. and thereupon marked Fourche River & Indian Territory Exhibit No. 1, Witness Hartshorn, received in evidence December 15, 1910. and is attached hereto.)

Examiner Burchmore: Do you publish any passenger fares?

Mr. Hartshorn: Schedules? Examiner Burchmore: Yes.

Mr. Hartshorn: No, not generally speaking. We have it posted in the station.

Examiner Burchmore: It is not necessary to file it with the Interstate Commerce Commission I assume?

Mr. Hartshorn: No.

Examiner Burchmore: Do you have any local class and commodity rates applying between points on your line?

Mr. Hartshorn: We do.

Examiner Burchmore: Are those rates filed with the Interstate Commerce Commission so as to be available in connection with Inter-

Mr. Hartshorn: They are not. We have a letter which arrived just shortly before I came down here asking for that and it will be attended to soon after my return home.

Examiner Burchmore: Do you understand the Interstate Commerce Commission asks carriers to file rates?

Mr. Hartshorn: To file tariffs?

Examiner Burchmore: Yes.

Mr. Hartshorn: That is what they requested of us. This is a local distance tariff.

Examiner Burchmore: I did not know we had a department request for tariffs.

Mr. Walter: Yes, that is for a separate rate to be applied on through shipments.

Mr. Hartshorn: Yes.

Examiner Burchmore: I assume you are a party to joint tariffs issued by the Rock Island and other carriers?

Mr. Hartshorn: We are.

Examiner Burchmore: Are there such tariffs naming joint rates on classes and commodities other than on lumber?

Mr. Hartshorn: There are not.

Examiner Burchmore: Then the only tariff to which you are joint parties is on lumber and forest products?

Mr. Hartshorn: Yes, but we have a contract with the Rock Island providing for other commodities whenever the tonnage gets 2346 sufficient.

Examiner Burchmore: Do you have a joint rate on coal? Mr. Hartshorn: We do not.

Examiner Burchmore: Do you burn coal in your locomotives?

Mr. Hartshorn: We do.

Examiner Burchmore: Where do you get that coal?

Mr. Hartshorn: At the present time from Hartsford, Arkansas, a point on the Rock Island. Examiner Burchmore: You take delivery of it at Bigelow?

Mr. Hartshorn: Bigelow, Arkansas.

Examiner Burchmore: These joint rates on lumber which you have with the Rock Island, do they apply from all points on your line as points of origin?

Mr. Hartshorn: They do.

Examiner Burchmore: What is the rate basis?

Mr. Hartshorn: The rate basis is the same as from Bigelow, Arkansas; that is from Grevtown it is the same as from Bigelow, Arkansas, and from other points west thereof it is one cent per hundred pounds higher than Bigelow.

Examiner Burchmore: What divisions do you receive out of these

point rates?

2347 Mr. Hartshorn: Two and three quarter cents when to Oklahoma points from Graytown; three and three-quarter cents when to Oklahoma points west of Graytown; points that carry the one cents higher rate.

Examiner Burchmore: That is to all points in Oklahoma where

there are joint rates?

Mr. Hartshorn: Yes, sir, I so understood your question.

Examiner Burchmore: Certainly.

Mr. Hartshorn: And other interstate points, from Gravtown three cents and from points west thereof which carry the one cent higher rate four cents. No division to intrastate destinations except where the movement moves in interstate movement,

Examiner Burchmore: Well, are there any joint through rate

stations on your line to points in Arkansas?

Mr. Hartshorn: I think there is one point only, on the Midland Valley, but there are several on the Kansas City Southern, and quite a few on the Frisco.

Examiner Burchmore: But all those shipments would move on

the interstate movement?

Mr. Hartshorn: Interstate movement.

Examiner Burchmore: Then as a matter of fact there are no joint through rates out of which you do not receive a 2348 division?

Mr. Hartshorn: No. that is true.

Examiner Burchmore: Where does most of your traffic go to? Any particular territory?

Mr. Hartshorn: Well, west and north.

Examiner Burchmore: You receive three cents as a division on most of your traffic?

Mr. Hartshorn: Yes.

Examiner Burchmore: The rates you said were one cent higher from points west of Graytown and from Graytown?
Mr. Hartshorn: Yes.

Examiner Burchmore: That additional cent in each case is retained by your company and the Rock Island makes no greater earnings on a shipment west of Graytown and from Graytown?

Mr. Hartshorn: Well, in reality we only get, you might say, so far as the Rock Island is concerned, 234 cents and 3 cent divisions.

The other cent comes from the extra freight.

Examiner Burchmore: Is that the greatest division you have

Mr. Hartshorn: Until a reduction of rates into Oklahoma was made we received the same to Oklahoma points as we received to other points.

Examiner Burchmore: This division sheet which I have before me is numbered Chicago Rock Island division sheet No. 3 and seems to have become effective in April, 1909. That division sheet carries a note reading as follows: with a minimum to the Rock Island lines of five mills per ton per mile, but in no case must the Fourche River Valley & Indian Territory receive less than one cent per hundred pounds.

Mr. Hartshorn: That is true, and I wish to state that we also have a division on forest products of two cents per hundred pounds from all stations on the line other than lumber, lath and shingles. The divisions I have mentioned apply on lumber, lath and shingles

only.

Examiner Burchmore: These divisions are the same on stuff milled in transit as on lumber moving through without transit?

Mr. Hartshorn: Yes.

Examiner Burchmore: This railroad has a complete supply of stationery such as bills of lading and way bills, letterheads and so forth?

Mr. Hartshorn: Yes.

2350 Examiner Burchmore: I do not know that the absence of such stationery would in any way affect its status. But do vou endeavor to comply with all the state and Federal laws that are enacted to govern the conduct of railroad common carriers?

Mr. Hartshorn: We do.

Examiner Burchmore: Is your equipment furnished with safety devices?

Mr. Hartshorn: All that portion that leaves our line, and the others do not come under the Safety Appliance Act, the center of drawhead being only twenty-four inches from the top of the rail.

Examiner Burchmore: I assume from your previous testimony that the value of this road with equipment is \$219,500 plus \$100,-

Mr. Hartshorn: I said that the \$80,000 is the actual net returns on that bond issue.

Examiner Burchmore: Then the value of the road with equipment is apparently an even \$300,000.

Mr. Hartshorn: I think that our books show \$347,000 in round figures.

Examiner Burchmore: Is there any indebtedness on the road at the present time? 2351

Mr. Hartshorn: Only current indebtedness.

Examiner Burchmore: Some of the additions and betterments have been paid for out of earnings. The point is your road today is apparently worth more than the sum of your capital stock and bond issue.

Mr. Hartshorn: No, the assets I said include the earnings up to

Examiner Burchmore: I do not quite understand.

Mr. Hartshorn: We have in round figures I would say \$347,000 worth of assets. We have a surplus on hand of \$17,000 and we have in the neighborhood of eighty-five hundred or nine thousand dollars of current accounts.

Examiner Burchmore: Receivable?

Mr. Hartshorn: No, payable.

Examiner Burchmore: What do those represent, those accounts payable?

Mr. Hartshorn: I can give you a list of them but not today. Examiner Burchmore: These are not accounts with the lumber company?

Mr. Hartshorn: Yes, sir; some of them.

2352 Examiner Burchmore: Do they represent salaries? Mr. Hartshorn: Oh, no.

Examiner Burchmore: Has this railroad paid any dividends?

Mr. Hartshorn: It has.

Examiner Burchmore: Indicate the extent of those dividends. Mr. Hartshorn: Last year it was sixteen per cent, \$35,200.

Examiner Burchmore: What was it the preceding year? a history of the dividends from the beginning with substantial accuracy.

Mr. Hartshorn: They have paid in the neighborhood of \$100,000,

very close to it.

Examiner Burchmore: In how many years? Mr. Hartshorn: Since the incorporation.

Examiner Burchmore: That is in about five years?

Mr. Hartshorn: Yes, sir.

Examiner Burchmore: What about the salaries of the officers of this railroad?

Mr. Hartshorn: Of the lumber company?

Examiner Burchmore: What are their salaries from the railroad? Mr. Hartshorn: I receive \$100 and Mr. Bigelow \$50, Mr. 2353 Walker \$60 per month. None of the other employees or

persons connected with the lumber company receive any salary.

Examiner Burchmore: Those salaries amount almost to a small dividend on the stock, do they not?

Mr. Hartshorn: \$2,400 a year.

Examiner Burchmore: That is one per cent on your capitalization?

Mr. Hartshorn: Yes.

Examiner Burchmore: Are those salaries moderate for the servicees rendered?

Mr. Hartshorn: I should judge so.

Examiner Burchmore: What general office force has the railroad

company, any?

Mr. Hartshorn: Yes, it has an auditor who also occupies the position of station agent and we have an office boy. At times we also have extra help. There is quite a little work attendant upon getting out reports and so forth and Mr. Collins of course has general supervision of the office and outside.

Examiner Burchmore: That extra help is furnished by the lum-

ber company employees as a rule, is it not?

Mr. Hartshorn: It never has been so.

Examiner Burchmore: Do these regular employees also 2354 work for the lumber company?

Mr. Hartshorn: Oh, no, they perform no work for the lumber company.

Examiner Burchmore: This company has some private tram roads

connected with the railroad?

Mr. Hartshorn: It has.

Examiner Burchmore: Does it own any locomotives?

Mr. Hartshorn: Two.

Examiner Burchmore: Are there any other saw mills on your line?

Mr. Hartshorn: Not directly.

Examiner Burchmore: What are there in that vicinity?

Mr. Hartshorn: There is one just south of Orchard and some beyond the end of the line at Bellevue.

Examiner Burchmore: Are those mills operated?

Mr. Hartshorn: The one south of Orchard is now, and I am not positive about those west of Bellevue.

Examiner Burchmore: Do they ship anything over your line?

Mr. Hartshorn: Yes, sir.

Examiner Burchmore: What is the extent of those shipments? Mr. Hartshorn: Small. Examiner Burchmore: They team their lumber over to

your line? Mr. Hartshorn: Yes, sir.

2355

Examiner Burchmore: Can a mill that has to team its logs up to the mill, as I suppose these mills do, and then has to team its lumber over to the line of some railroad and then has to pay the regular interstate rate of freight, compete at all successfully with another mill that gets its lumber to market for the interstate rate without paying any teaming bill?

Mr. Hartshorn: I think I can answer that question by making a statement regarding the purchase just recently by Mr. Collins for the railway company of this little mill south of Orchard. He purchased some bridge stringers at a less price than the lumber com-

pany would furnish them to him

Examiner Burchmore: That may mean either of two things; it may mean that that little mill could afford to sell lumber very much cheaper than you could because of its economical operation or because it got its timber at a less cost or some such reason, or it might mean it was unable to reach any other market where it had to pay freight and therefore was willing to sell its product at a very

much cheaper price on that account. 2356

Mr. Hartshorn: No they can get to the markets really cheaper than the lumber company can.

Examiner Burchmore: How do you explain that?

Mr. Hartshorn: The cost on their lumber out is one cent per hundred pounds over ours. Examiner Burchmore: But they have to team it to get it to your

Mr. Hartshorn: Yes, sir, but they were able to compete on this bill which I just spoke of.

Examiner Burchmore: But are they able to compete at St. Louis

on lumber for example?

Mr. Hartshorn: The small mill in my estimation makes the market for lumber and not the big mill.

Examiner Burchmore: Do you mean they are like tramp steam-

ships, they will do the best they can?

Mr. Burchmore: That does not mean they are making a profit on their lumber?

Mr. Hartshorn: Well, I am not able to answer that.

Examiner Burchmore: What about the timber holdings of this lumber company in the territory which is served by the railroad company in question?

Mr. Hartshorn: How many acres? 2357

Examiner Burchmore: Yes, and how many board feet standing in the woods?

Mr. Hartshorn: About 45,000 acres, 225,000,000 feet. Examiner Burchmore: That includes stumpage rights?

Mr. Hartshorn: Yes, sir; there is included in that possibly 1500 acres, 7,000,000 of timber rights owned.

Examiner Burchmore: That is yellow pine lumber?

Mr. Hartshorn: Yes, sir and a small amount of hard woods mixed with it.

Examiner Burchmore: Is there any hard wood cutting going on in those camps?

Mr. Hartshorn: We are cutting what hard wood amongst the pine.

Examiner Burchmore: You sell hard wood? Mr. Hartshorn: Yes, sir, a small per cent.

Examiner Burchmore: You have rates on that the same as on pine?

Mr. Hartshorn: Yes, sir.

Examiner Burchmore: And the divisions are on the same general basis?

Mr. Hartshorn: Yes, sir.

2358 Examiner Burchmore: Is there any timber in the territory adjacent to your line owned by other interests?

Mr. Hartshorn: Lumber corporations?

Examiner Burchmore: Other lumber corporations or private own-

ers, any large tracts of timber?

Mr. Hartshorn: Well, the A. J. Neimeyer Lumber Company just south of us, and no other corporation, but there is quite an amount of timber owned by other people, individuals.

Examiner Burchmore: In what part of Arkansas is this railroad. Mr. Hartshorn: It is thirty-nine miles west of Little Rock.

Examiner Burchmore: You said the Niemeyer interests have timber in that vicinity?

Mr. Hartshorn: South of us.

Examiner Burchmore: That is along the Little Rock Maumee & Western?

Mr. Hartshorn: Yes, sir.

Examiner Burchmore: How near does that road come to you?

Mr. Hartshorn: Well their timber comes right together. you might say; their line of railroad is only about six miles 2359from us.

Examiner Burchmore: Who is this "B. L. Company" marked on this map?

Mr. Hartshorn: I could not tell you. Mr. Walter: On what map is this?

Examiner Burchmore: This is a private map drawn in the Commission's office. We could not find a railroad map that had all these railroads on it so we had to make one. Is not that the Bryant Luniher company?

Mr. Hartshorn: Yes, sir, but they have no railroad.

Examiner Burchmore: This is supposed to be a representation of your railroad running out here towards Brizz, is it not?

Mr. Hartshorn: Well, yes. I do not know what the Bryant Lum-

ber Company would be doing in there.

Examiner Burchmore: That will develop later, if there is any

Mr. Walter: It ought to be B. W., probably, Bigelow-Walker. Mr. Hartshorn: Yes, perhaps it is the Bigelow-Walker Company. Examiner Burchmore: You never heard of the Bryant

Lumber Company? 2360

Mr. Hartshorn: Yes, but they have no railroad, I said. Examiner Burchmore: Are not they connected with the Fourche River Lumber Company in some way?

Mr. Hartshorn: Not in any way.

Examiner Burchmore: No relation or ownership relation between the two companies?

Mr. Hartshorn: Not at all. Examiner Burchmore: Is one of them lessee and the other the lessor of any lands?

Mr. Hartshorn: No. Examiner Burchmore: I have before me what purports to be a copy of a complaint at law filed in the Perry County Circuit Court by the Bryant Lumber Company, complainant, against the Fourche River Lumber Company, defendant. Are you acquainted with the particulars of that lawsuit?

Mr. Hartshorn: Well, there have been several of them. If you

will let me see the complaint I can tell you.

(Paper handed witness.)

Mr. Hartshorn (after examining paper): Yes, sir: I am familiar with it.

Examiner Burchmore: What was the outcome of that liti-

gation? 2361

Mr. Hartshorn: It was a verdict against us for, I won't undertake to tell you the amount, but the amount was not for each specific time but a blank amount, and the case is now in the Supreme Court of Arkansas.

Examiner Burchmore: Then the Bryant Lumber Company won

that suit?

Mr. Hartshorn: Yes, sir, in the Circuit Court.

Examiner Burchmore: What was the nature of that proceeding. can you state it in the record very briefly?

Mr. Hartshorn: You want the gist of the matter, how it arose?

Examiner Burchmore: Just the gist of it, how it arose, and how it was involved. Do not go into all the details but just state in a few words.

Mr. Hartshorn: The Bryant Lumber Company had some lands running down to Rankin Creek, over which we desired to pass with the railway, and we finally came to an understanding with them regarding the hauling of their logs, and left a large amount to arbitration.

Examiner Burchmore: Before you proceed, what was the nature of that understanding with the Bryant Lumber Company

2362 respecting the movement of their logs?

Mr. Hartshorn: We agreed to haul the logs that they then owned—this is the lumber company I am speaking about now, at 37½ cents a thousand, and all logs that they purchased thereafter at a price to be agreed upon by the board of arbitration.

Examiner Burchmore: Let me ask, because I have not much knowledge of those things, is that charge of 37½ cents supposed to

be a compensatory charge?

Mr. Hartshorn: It was certainly not.

Examiner Burchmore: You undertook to render a service then for less than cost?

Mr. Hartshorn: Yes.

Examiner Burchmore: Partly in payment for land rights or timber?

Mr. Hartshorn: Yes, sir.

Examiner Burchmore: Now proceed.

Mr. Hartshorn: One of the contentions in this suit was that the Fourche River Lumber Company should obtain for them the same concessions in freight rates that they enjoyed through ownership in the Fourche River Valley and Indian Territory railroad

the Fourche River Valley and Indian Territory railroad.

Examiner Burchmore: Did you say that, or are you quoting the statement that the Fourche River Valley Lumber

Company received concessions in the freight rate?

Mr. Hartshorn: I am quoting what they say in this suit. We never received any concessions. It was not a statement of mine, but it was just quoting from this case.

Examiner Burchmore: Well, some dispute had arisen under this

agreement and you arbitrated it?

Mr. Hartshorn: Yes.

Examiner Burchmore: And then did not abide exactly by the

terms of the arbitration?

Mr. Hartshorn: Yes, I should have stated, when this matter of divisions came up we notified the board that they had no jurisdiction over the matter whatever and told them it would not make any difference what their decision would be, that we would not abide by it. It amounted to the same thing, as it was not within their province.

Examiner Burchmore: Then as I understand your statement the suit involved this point, the Bryant Lumber Company having contracted with you and under that contract being guaranteed, as it understood it, the same rate of freight on outbound shipments of

lumber that your company paid, discovered that the Fourche River Valley & Indian Territory Railroad was receiving di-2364 visions out of the published joint through rate and felt that it ought to receive the same net rate, or what might be described as a net rate, that is the difference between the joint through rate, and the division, and you felt it would not be proper to give them that through rate and therefore declined to put that interpretation on the contract, and you were sued and a recovery was had?

Mr. Hartshorn: We did not, however, in our contract 2365 guarantee anything about out freights at all; it was only on

hauling their logs.

Examiner Burchmore: They thought the contract gave them the

same out rate on lumber?

Mr. Hartshorn: Yes, they actually did have the same out rate that we did.

Examiner Burchmore: But they thought that your division gave

you some advantage that they did not enjoy?

Mr. Hartshorn: Yes, sir, that is the gist of this suit. Examiner Burchmore: You have appealed the case?

Mr. Hartshorn: Yes, sir.

Examiner Burchmore: What are the grounds of your appeal, do

you know?

Mr. Hartshorn: Well, in the first place we claim that they did not prove their case, and in the second place it would be illegal for any such thing to happen, especially in regard to this division.

Examiner Burchmore: Have you learned of the recent decision of one of the courts in Arkansas of a case brought by the Sawyer & Austin Lumber Company against the Iron Mountain?

Mr. Hartshorn: Yes, sir. 2366

Examiner Burchmore: That case is somewhat similar to yours, I assume.

Mr. Hartshorn: In a general aspect, yes.

Examiner Burchmore: So I presume you anticipate a favorable outcome to the present suit?

Mr. Hartshorn: We certainly do.

Examiner Burchmore: Does not the Bryant Lumber Company own some timber along your right of way?

Mr. Hartshorn: A small amount now.

Examiner Burchmore: Most of it has been cut?

Mr. Hartshorn: Yes.

Examiner Burchmore: Where was their timber milled when they

were cutting it?

Mr. Hartshorn: Over at Fourche, which is about a mile; their mill is about a mile and three quarters. I should say, from Bigelow, and I should say three quarters of a mile from Fourche, which is a mile east of Bigelow.

Examiner Burchmore: Beyond the junction?

Mr. Hartshorn: Yes, sir.

Examiner Burchmore: How did they get their logs to the mill, did your locomotives haul them?

2367 Mr. Hartshorn: No. we gave them to the Rock Island at Bigelow, and the Rock Island hauled them.

Examiner Burchmore: You hauled them down from the woods to Bigelow?

Mr. Hartshorn: Yes, sir.

Examiner Burchmore: And only received 37 cents?

Mr. Hartshorn: The lumber company received two cents, the lumber company paying the railroad company the difference.

Examiner Burchmore: This two cents means a division of the

joint through rate?

Mr. Hartshorn: No, our local distance tariff called for two cents a hundred pounds on logs. The railway company must collect that two cents. They do it by getting 371/2 cents a thousand from the Bryant Lumber Company, and the balance from the Fourche Lumber Company.

Examiner Burchmore: Then it gives the Fourche Railway Com-

pany a substantial sum to carry out this agreement?

Mr. Hartshorn: It does.

Examiner Burchmore: It strikes me as perhaps worthy of notice that in the original agreement, which seems to have been the occasion of this law suit, and which is set out at length in the bill of com-

plaint, such original agreement being dated apparently August 3rd, 1905, this railroad seems to be referred to as the Fourche River Lumber Company proposition.

Mr. Hartshorn: No, that was before the Fourche River Valley Railway-

Examiner Burchmore: Well, it keeps referring to the railroad which was built on this land by the Fourche Company, and to the Fourche River Lumber Company, and so forth.

Mr. Hartshorn: I stated that this road for the 8.9 miles was built by the Fourche River Lumber Company, and that is the road that goes over this land.

Examiner Burchmore: That is the proportion of the road west of

Wye.

Mr. Hartshorn: No, this is the portion-

Examiner Burchmore: The portion east of Wye? Mr. Hartshorn: Yes, sir. (Witness indicates on map.)

Mr. Walter: That is only the allegation in the bill you are refer-

ring to now?

Examiner Burchmore: It is, and also the allegation in this bill that the failure of the defendant, neaning the Fourche River Lumber Company, to perform the award of the arbitrators by pay-

ing the Bryant Lumber Company the same differentials that the defendant receives from the Fourche River Valley & Indian Territory Railroad Company on through rates over the Rock Island, that amounts to some \$2800, and so forth; that seems to reflect the view that this Bryant Lumber Company had of the relation of the Fourche River Lumber Company, and this railroad company. Now as a matter of fact did the Fourche River Lumber Company receive any differentials out of the freight rates from this railroad?

Mr. Hartshorn: It did not.

Examiner Burchmore: So this reflects a misunderstanding of the situation?

Mr. Hartshorn: It certainly does.

Examiner Burchmore: It has some conclusion with regard to the nature of the transaction which does not agree with your conclusion. At last they felt they were somewhat injured by the existence of this differential.

Mr. Hartshorn: Apparently.

Examiner Burchmore: Is that the feeling of other shippers along your line, or don't you know?

Mr. Hartshorn: I think not. This lumber was not produced on

our line.

2370 Examiner Burchmore: I thought the logs were produced on your line.

Mr. Hartshorn: The logs were, but the lumber is not produced on

our line that they claim differentials on.

Mr. Walter: As a matter of fact that lumber was manufactured on the Rock Island, and took the Rock Island rate.

Mr. Hartshorn: Which rate is the same as the Graytown or Bige-

low rate.

Mr. Walter: You had nothing whatever to do with that?

Mr. Hartshorn: No.

Examiner Burchmore: But was not that lumber when it moved out on the Rock Island billed as having originated on your line and a division paid to your company on it?

Mr. Hartshorn: Oh, no.

Examiner Burchmore: Has your company any contracts with the Rock Island Railroad regarding divisions of rates?

Mr. Hartshorn: It has.

Examiner Burchmore: I find in the Commission's files what purports to be a copy of a contract dated August 9th, 1904, between the Chicago, Rock Island & Pacific Railroad Company, party of the first part, and the Arkansas River & Southern Railroad Company of the second part. That corporation is the predecessor of your cor-

1 poration? Mr. Hartshorn: Of the Fourche River Valley & Indian

Territory Railroad, yes.

Examiner Burchmore: I believe you so stated a little while ago.

Mr. Hartshorn: Yes.

Examiner Burchmore: Now this contract, I may say, seems to be similar in a general way to a number of other contracts that have been filed with the Commission, entered into by the Rock Island Railroad with other short line railroads whose principal traffic is lumber or other foreign products, respecting rates and divisions. Are you familiar with the terms of this contract?

Mr. Hartshorn: Yes. It is quite awhile since I have read it.

Examiner Burchmore: In brief, this contract provides for the maintenance of physical connections and traffic arrangements between the two companies, for the maintenance of joint through rates on forest products and for the payment to your company on movements of manufactured lumber, lath and shingles, the divisions ranging from two cents upward.

Mr. Hartshorn: In addition it also provides at some future time that joint rates shall be made on other products. 2372

Examiner Burchmore: When such rates shall be found

necessary?

Mr. Hartshorn: Yes, sir.

Examiner Burchmore: And that reasonable divisions will be established?

Mr. Hartshorn: Yes.

Examiner Burchmore: It also provides that you ship 50 per cent of your traffic over the Rock Island, does it not?

Mr. Hartshorn: I think it does; I am not sure.

Examiner Burchmore: Now, was this contract entered into before the completion of this railroad?

Mr. Hartshorn: Oh, yes, sir.

Examiner Burchmore: Do you contend or would you state that

this railroad was constructed on the faith of this contract?

Mr. Hartshorn: The Fourche River Valley & Indian Territory Railroad Company was extended, is a continuation—after we chartered the Fourche River Vally & Indian Territory Railroad Company, we extended it the 5.9 miles.

Examiner Burchmore: Was this contract assigned——
Mr. Hartshorn: To the Fourche River Valley Company.

2373 Examiner Burchmore: It was?

Mr. Hartshorn: Yes.

Examiner Burchmore: And was its period of effectiveness which , was originally ten years, extended?

Mr. Hartshorn: No, sir.

Examiner Burchmore: So that the contract expires in 1914?

Mr. Hartshorn: In 1914.

Examiner Burchmore: There are two paragraphs in that contract and these paragraphs I may say appear in other contracts that have been filed, namely paragraphs 9 and 10, which provide that if at any time any part of this contract that is not essential to the performance of the interchange of traffic is declared void by a court or any Commission assuming jurisdiction over the subject matter, or if at any time the divisions provided for under this contract are found illegal or excessive, the necessary adjustment of such divisions or modifications of the performance of the contracts will be made. Do you recall such a clause?

Mr. Hartshorn: Yes, sir.

Examiner Burchmore: Are you able to state the purpose of including those clauses in this contract, or by whose suggestions 2374 they were included?

Mr. Hartshorn: No. I think it was on the part of the Rock

Island that they were included.

Examiner Burchmore: Do you think it indicates a doubt or question in the mind of the lawyer by whom it was drawn as to the legality of some of the provisions of the contract?

Mr. Hartshorn: No, I do not. My best recollection is that they stated at the time, I think it was Mr. Holden, the traffic manager then, that they-well, the gist of it was that they did not wish to do

anything illegal in any sense or form and they put that in for a mat-

ter of protection, that was all.

Examiner Burchmore: So that they would not incur any penalties or invite a lawsuit by the other party to the contract in the event that at some future date the contract was annulled by some authority.

Mr. Hartshorn: They undoubtedly had that in their minds, al-

though nothing was said at that time.

Examiner Burchmore: In view of those provisions in that contract, do you think your company could successfully maintain a suit for specific performance, or for breach of that contract in the event that it was declared improper by any tribunal?

Mr. Hartshorn: We have not crosed that bridge yet.

2375 Examiner Burchmore: You are not a lawyer and would not express an opinion?

Mr. Hartshorn: No.

Examiner Burchmore: Does the railroad company perform any inter-work switching for the lumber company?

Mr. Hartshorn: I do not believe I understand that expression. Examiner Burchmore: I will ask Mr. Collins. It is a question of

operation.

Mr. Hartshorn: Yes. Examiner Burchmore: Have you any other contracts with railroads or other companies regarding any phase of this railroad's operations?

Mr. Hartshorn: This contract for joint station and exchange

Examiner Burchmore: Has that contract been filed with the Commission?

Mr. Hartshorn: I do not know. That is not a very complete copy. We just copied part of it. I can give you a copy if you like. 2376

Examiner Burchmore: I wish you would file a copy of that

contract in this record.

Mr. Hartshorn: All right.

Examiner Burchmore: I presume counsel will keep track of these requests. That contract contains no clauses with respect to divisions or rates.

Mr. Hartshorn: No.

Examiner Burchmore: It simply provides for the joint operation of that depot or terminals?

Mr. Hartshorn: Yes, sir; building them and their operation.

Examiner Burchmore: I think that is all.

Mr. Walter: Does the Arkansas Commission recognize you as a common carrier?

Mr. Hartshorn: They do.

Mr. Walter: Do you publish a time card?

Mr. Hartshorn: We have a time card posted in our depot.

Mr. Walter: At the end of your line have you any graded right of

Mr. Hartshorn: Beyond the present operation?

Mr. Walter: Yes.

2377 Mr. Hartshorn: Yes, sir.

Mr. Walter: About how much?

Mr. Hartshorn: Four miles about, I believe it is.

Mr. Walter: That map which you filed shows three projected lines, I believe.

Mr. Hartshorn: Yes, sir, three projected lines or surveys were made.

Mr. Walter: What are your intentions as to extensions?

Mr. Hartshorn: We will have to wait a little while before deciding on that.

Mr. Walter: Does it in a measure depend on the result of this investigation?

Mr. Hartshorn: A good deal.

Mr. Walter: In the purchase of ties or timbers, are such pur

chases restricted to the Fourche River Lumber Company?

Mr. Hartshorn: No. Mr. Collins just purchased some bridge timbers from a little mill near Orchard, and he has purchased ties at various times from other parties, and other bridge timbers.

Mr. Walter: What sort of a bridge is that you have near the

mill?

Mr. Hartshorn: Well, 200 feet swing bridge.

Mr. Walter: That is a bridge which opens for navigation? 2378 Mr. Hartshorn: Yes.

Mr. Walter: What position do you occupy with the lumber company?

Mr. Hartshorn: Secretary and Treasurer.

Mr. Walter: So the first statement was a mistake?

Mr. Hartshorn: It was simply a mistake.

Mr. Walter: This is a permanent railroad you have there? Mr. Hartshorn: It certainly is.

Mr. Walter: One intended to remain after the timber is gone?

Mr. Hartshorn: It certainly is.

Mr. Walter: I believe the Fourche River Lumber Company have sold or put in the hands of agents for sale a colonization scheme?

Mr. Hartshorn: Yes, sir, covering about 15,000 acres. Mr. Walter: How much has been sold?

Mr. Hartshorn: Nearly that much, 15,000 acres.

Mr. Walter: The purchasers have gone in and located? Mr. Hartshorn: Some of them, and they are going in there.

Mr. Walter: Fruit orchards? Mr. Hartshorn: Yes, sir.

Mr. Walter: Live stock? Mr. Hartshorn: Yes, sir.

Mr. Walter: And various agricultural pursuits?

Mr. Hartshorn: Yes, sir.

Mr. Walter: Mr. Collins will go more into the question of the service to the public generally. I believe that is all I want to ask Mr. Hartshorn now.

(Witness excused.)

W. M. Collins, was called as a witness, and having been duly sworn, testified as follows:

Examiner Burchmore: Mr. Collins, were you aware that the Rock Island was paying five cents to many tap lines on its line?

Mr. Collins: What is that?

Examiner Burchmore: Were you aware that the Rock Island has been paying a division of five cents to many tap lines that connect with it?

Mr. Collins: I have heard those things, yes, sir.

Examiner Burchmore: Did you know it before you came here?

Mr. Collins: No, I did not, only in one case.

Examiner Burchmore: You have made no effort to se-2380 cure an increase in your divisions?

Mr. Collins: Yes, sir, I have.

Examiner Burchmore: Any great effort?

Mr. Collins: No.

Examiner Burchmore: It did not seem probable you would be

successful?

Mr. Collins: Well, I did not know; I made an effort to get a little more than what we were getting, because I thought we were entitled to more.

Examiner Burchmore: About the equipment of the railroad com-

pany and lumber company, how many cars has the railroad?

Mr. Collins: We have 11 flat cars, 2 box cars, 1 tank car, 1 com-

bination coach and 48 logging cars.

Examiner Burchmore: Has the lumber company any cars? Mr. Collins: Not that I know of except one track laying car.

Examiner Burchmore: Has the lumber company any locomotives?

Mr. Collins: Two.

Examiner Burchmore: Do those locomotives operate over its logging line?

Mr. Collins: Yes, sir.

2381 Examiner Burchmore: Can you describe very briefly the way in which the logs are taken to the mill, as an operating matter?

Mr. Collins: The logs are delivered to us on an interchange

track at Wye station.

Examiner Burchmore: Delivered to you by the lumber com-

pany?

Mr. Collins: Yes, sir; and we have an interchange track where we deliver the empties and they deliver the loads, and we deliver the logs to the mill.

Examiner Burchmore: Wye station?

Mr. Collins: Yes, sir.

Examiner Burchmore: Then the logging trains of the Fourche River Lumber Company operate over your main line for some dis-

Mr. Collins: No, they do not come on it at all.

Examiner Burchmore: Wye is the connection with the private tram line?

Mr. Collins: Yes, sir.

Examiner Burchmore: What charge do you make for hauling the logs to the mill?

Mr. Collins: Two cents.

2382 Examiner Burchmore: The lumber company pays two cents for getting the logs into the mill?

Mr. Collins: Yes, sir.

Examiner Burchmore: Who unloads the logs at the mill?

Mr. Collins: The lumber company.

Examiner Burchmore: Not the railroad company?

Mr. Collins: No.

Examiner Burchmore: But the unloading operation is very simple, it simply consists in unloosening the fastenings which holds the logs and rolling them off?

Mr. Collins: No, they have a machine for unloading them.

Examiner Burchmore: Is there any billing which accompanies the shipment into the mill, or does the conductor simply report it?

Mr. Collins: No, the cars are all waybilled, I mean bills of lading from Wve, and we waybill them in the office.

Examiner Burchmore: Is that bill of lading issued before they

leave Wye?

Mr. Collins: Yes, the conductor makes a bill for all shipments west of Graytown on everybody's stuff.

Examiner Burchmore: That bill of lading is dated at Wye and

reads only up to-

2383 Mr. Collins: From the Fourche River Lumber Company at Wye and the Fourche River Lumber Company at Graytown.

Examiner Burchmore: It is a local bill of lading?

Mr. Collins: Yes, sir.

Examiner Burchmore: And you charge two cents per 100 pounds?

· Mr. Collins: Yes, sir.

Examiner Burchmore: The rates on your line are on a milling in transit basis?

Mr. Collins: I don't know anything about that.

Mr. Hartshorn: We have a milling in transit clause in our tar-

Examiner Burchmore: You handle the empty cars from the Rock Island Junction to the mill?

Mr. Collins: Yes, sir.

Examiner Burchmore: And the loaded cars in the opposite direction?

Mr. Collins: Yes, sir.

Examiner Burchmore: On the movement of lumber generally, your agent at Graytown issues the bill of lading?

Mr. Collins: No, the lumber company issues them.

Examiner Burchmore: Your agent signs them?

2384 Mr. Collins: Yes. sir.

Examiner Burchmore: So as a matter of fact they are executed by the Fourche River Valley & Indian Territory Railway?

Mr. Collins: Yes, sir.

Examiner Burchmore: And what is shown as the point of origin of the shipment?

Mr. Collins: Graytown.

Examiner Burchmore: And not Wye?

Mr. Collins: No, sir.

Examiner Burchmore: And it is shown as a carload of lumber originating at Graytown and destined to St. Louis, for example?

Mr. Collins: Yes, sir.

Examiner Burchmore: Does your railroad company issue a through waybill?

Mr. Collins: Yes, sir.

Examiner Burchmore: Then the cars do not move to the Rock Island under transfer billing?

Mr. Collins: No, sir.

Examiner Burchmore: Does that waybill show the divisions?

Mr. Collins: No.

Examiner Burchmore: Your divisions are paid in an interline settlement?

Mr. Collins: Yes, sir. I have my last month's samples with me.

Examiner Burchmore: I do not care to examine them, and it will not be necessary to offer them.

Mr. Collins: I mean they are last month's forms, not samples.

Examiner Burchmore: The rates from Graytown are the same as the Rock Island rates from Bigelow?

Mr. Collins: Yes, sir.

Examiner Burchmore: Is this two cents charge which is paid for the shipments into the mill credited in any way on the outbound freight charges?

Mr. Collins: Well-

Mr. Hartshorn: I think I can answer that question better than he can.

Examiner Burchmore: If you will?

Mr. Hartshorn: No.

Examiner Burchmore: What is the rate, for example, to

Mr. Hartshorn: 18 cents on pine, and 15 on hardwood.

Examiner Burchmore: Then on a movement of lumber to St.

Louis the total freight charges are 18 cents from Graytown on, but the lumber company has already paid two cents on logs to get them into the mill?

Mr. Hartshorn: Into Graytown, yes, sir.

Mr. Walter: That is in addition to the through rate?

Examiner Burchmore: That is in addition to the through rate?

Mr. Hartshorn: Yes, sir. Mr. Collins: That is correct.

Examiner Burchmore: You have heard the testimony in the other cases for the last few days?

Mr. Hartshorn: Yes.

Examiner Burchmore: Does not your arrangement seem to be less liberal?

Mr. Hartshorn: Under our milling in transit rate we show a loss,

and consequently if we made any charge we felt that we ought to charge our local distance tariff, which is two cents, and that accounts for our local charge dividends.

Examiner Burchmore: Well, your policy has been to charge the lumber company what it ought to pay for the

service it gets from the railroad company?

Mr. Hartshorn: More than it ought to pay in order not to come out in the hole.

Examiner Burchmore: Then these divisions you receive from the Rock Island are not intended to cover the cost of the movement of logs into the mill?

Mr. Collins: No, sir.

Examiner Burchmore: Although you have milling in transit rates?

Mr. Hartshorn: Although we have milling in transit rates.

Examiner Burchmore: You do not use those milling in transit rates on the Fourche River Lumber Company's traffic?

Mr. Hartshorn: No, we do not.

Examiner Burchmore: Do you run any passenger trains?

Mr. Collins: We run a mixed train.

Examiner Burchmore: One mixed train daily in each direction? Mr. Collins: We run two,

Examiner Burchmore: Run two in each direction?

Mr. Collins: Yes, sir.

2388 Examiner Burchmore: Do those connect with Rock Island passenger trains?

Mr. Collins: Yes, sir.

Examiner Burchmore: Are there any freight trains in addition to those two mixed trains?

Mr. Collins: No. sir.

Examiner Burchmore: I think Mr. Hartshorn covered the matter of divisions rather fully.

Mr. Collins: Yes.

Examiner Burchmore: That is all that I care to ask, Mr. Walter. Mr. Walter: Mr. Collins, are there a number of mill men along the line, shippers of lumber?

Mr. Collins: Six.

Mr. Walter: They have their own separate mills?

Mr. Collins: Yes, sir.

Mr. Walter: Neither the Fourche River Lumber Company nor the Fourche River Valley & Indian Territory Railroad Company have any connection with them at all of a proprietary sense?

Mr. Hartshorn: No.

Mr. Walter: What else besides forest products are carried by the road?

Mr. Collins: Agricultural products.
Mr. Walter: Is it varied, different kinds?

Mr. Collins: Yes, sir. Mr. Walter: Live stock?

Mr. Collins: No, we do not have any outbound live stock. We have some inbound live stock.

Mr. Walter: Emigrants' outfits?

Mr. Walter: In short, you serve everybody that comes, impartially?

Mr. Collins: Yes, sir, we certainly do.

Mr. Walter: We can give the names of these various shippers, some dozen or fifteen men who are in the business of shipping piling and logs and their addresses, if you want them.

Examiner Burchmore: Are any of those men related to this lum-

ber company?

Examiner Burchmore: You may file the statement if you wish. Mr. Collins: No.

Mr. Collins: Some of them haul their lumber 15 miles on

Examiner Burchmore: You can file if you desire, but need 2390

not state them in the record. Mr. Walter: About how many of these shippers that patronize the railroad to a material degree?

Mr. Collins: You mean saw mill men?

Mr. Walter: Yes. Mr. Collins: There are six mills on the line, or off the line, that haul lumber into the line.

Mr. Walter: In addition to that, are there shippers of piling.

Mr. Collins: No ties, but piling and staves. We buy all the ties staves and ties?

ourselves that are put out on the road.

Mr. Walter: If you know you may state whether or not continually emigrants are coming on to the line of the railroad and settling?

Mr. Walter: How are these trains operated along the line, by tele-Mr. Collins: Yes, sir. phone?

Mr. Collins: Yes, sir. Mr. Walter: Who owns that?

Mr. Collins: The railroad company.

Mr. Walter: That is all.

(Witness excused.)

Lake Charles Railway & Navigation Company. 2391

W. P. Weber was called as a witness, and having been duly sworn, testified as follows:

Examiner Gutheim: What is your residence?

Mr. Weber: Lake Charles, La.

Examiner Gutheim: Your occupation is what?

Mr. Weber: President of the Lake Charles Railway & Navigation

Examiner Gutheim: Have you a map of the Lake Charles Rail-Company. way & Navigation Company that you can submit in evidence that will show its general geographical location?

Mr. Weber: We have a map here. We probably had better furnish you another one.

Examiner Gutheim: Yes.

Mr. Walter: We will give you another one, but here is the State Commission map of Louisiana which will give you an idea of it.

(Witness proceeds to explain map.)

Examiner Gutheim: According to this map the line operates in and about Lake Charles by rail and thence by water up the Calcasieu River to a place known as Hecker, thence by rail in an 2392 easterly and northerly direction to Edna.

Mr. Weber: Yes, sir.

Examiner Gutheim: What carrier line connections have you at Lake Charles?

Mr. Weber: We have the Kansas City Southern, the Southern Pacific, the L. & W. Division, and the Iron Mountain.

Examiner Gutheim: And your next rail connections are at Edna? Mr. Weber: At Edna, where we have the Iron Mountain.

Examiner Gutheim: That is the Watkins Route, is it not?

Mr. Weber: Yes, sir.

Examiner Gutheim: From Edna the line runs north how far?

Mr. Weber: At the present time it is only running north—the completed line is half a mile north. The line is proposed to run to Kinder, a distance of 5½ miles north. The steel is purchased for this line, and part of it is on the ground and the work is being done at this time.

Examiner Gutheim: What is the industry on your line at Lake

Charles?

Mr. Weber: Well, we serve a number of industries there by boat, you understand.

Examiner Gutheim: But what industries do you serve 2393 there by rail?

Mr. Weber: The Powell Lumber Company.

Examiner Gutheim: Going from Hecker on your rail line, what

industries are located between Edna and Hecker?

Mr. Weber: Well, at the town of Hecker there are two stores, general merchandise, and the Calcasieu Naval Stores Company has a turpentine plant and distillery there. The company is better known as the Union Naval Stores Company.

Examiner Gutheim: Is there any other industry until you get to

Edna?

Mr. Weber: At Moore,

Examiner Gutheim: What is there?

Mr. Weber: There is also another Naval Stores plant belonging to the Calcasiou Naval Stores Company.

Examiner Gutheim: And at Edna is there a mill?

Mr. Weber: A saw mill at Edna.

Examiner Gutheim: Owned by whom?

Mr. Weber: The Powell Lumber Company.

Examiner Gutheim: Was the settlement at Hecker an existing settlement prior to the time that this rail line was built.

Mr. Weber: It was for a number of years.

Examiner Gutheim: About what is its present popula-2394

Mr. Weber: From 300 to 500. Examiner Gutheim: What is it in the case of Moore and Kelly unction? Were they settled communities prior to the entrance

Mr. Weber: There were some settlers in there. There were no communities, just small land owners.

Examiner Gutheim: Is there anything at Baggetts?

Mr. Weber: Just a station, and there are some rice farmers in

Examiner Gutheim: As a matter of fact are Moore and Kelly Junction and Baggetts the remains of former logging camps?

Mr. Weber: Well, Kelly Junction is the place where the proposed line is to be built into Lake Charles.

Examiner Gutheim: That is going south from Kelly Junction and then paralleling the Southern Pacific into Lake Charles?

Mr. Weber: Yes, sir. Moore station, as already explained, is a logging camp, but it is now being used by a number of settlers and also being used by the Calcasieu Naval Stores Company.

Examiner Gutheim: Outside of the stores mentioned, the Calcasieu Naval Stores Company, the principal industries that furnish traffic are the two mills of the Powell Lumber Company at Edna and Lake Charles.

Mr. Weber: Those are the principal interests.

Examiner Gutheim: These stores at Hecker, are they stores owned by the Kelly-Weber Company?

Examiner Gutheim: Were they at one time owned by the Kelly-Weber Company?

Mr. Weber: No, sir.

Examiner Gutheim: Who are the present owners of those stores? Mr. Weber: Mr. F. Hebert owns one, and the Calcasieu Naval Stores Company owns the other one.

Examiner Gutheim: What is the relation between the Powell Lumber Company or the stockholders of the Powell Lumber Company, and the Lake Charles Railway & Navigation Company?

Mr. Weber: The principal stock in both companies is held by the same people; there is some difference though. There are some stockholders in the railroad company who are not stockholders in the lumber company.

Examiner Gutheim: To what extent are the stockholders

different, that is in the number of shares? 2396

Mr. Weber: Well, we have in the Lake Charles Railway & Navigation Company two stockholders who have no interest in the Powell Lumber Company.

Examiner Gutheim: What do their holdings amount to? Mr. Weber: One of them amounts to 10 or 13 shares.

Mr. George M. King: One has 10 shares and the other two.

Mr. Weber: G. M. King owns 10 shares, and D. Giavinnie two

Examiner Gutheim: When was the rail line from Hecker into Edna constructed?

Mr. Weber: It was finished in the latter part of 1907.

Examiner Gutheim: When was it begun: I take it it was begun out of Hecker.

Mr. Weber: I cannot give you the exact date it was begun. The road was started before our company was organized.

Examiner Gutheim: That is it was started by the predecessors of the Powell Lumber Company?

Mr. Weber: Yes, sir.

Examiner Gutheim: Was the road built about as was required for the timber operation of the Powell Lumber Company or its predecessor?

2397 Mr. Weber: The part that our predecessor built, I presume, he built for the benefit of his lumbering interests.

Examiner Gutheim: How about the part that was built since the Powell Lumber Company interests acquired title?

Mr. Weber: We extended the line for the purpose of reaching out and getting more business.

Examiner Gutheim: More timber business?

Mr. Weber: Any kind of business.

Examiner Gutheim: How much of an extension did you make after you acquired the original railway?

Mr. Weber: About 12 miles. Examiner Gutheim: How far had the road been built at the time of that acquisition?

Mr. Weber: About eight miles.

Examiner Gutheim: To what point?

Mr. Weber: Near Moore.

Examiner Gutheim: Was the original road what was known in that locality as the Kelly tram?

Mr. Weber: Yes, sir, the Kelly tram never owned that road,

though.

Examiner Gutheim: Never owned the Lake Charles Rail-2398 way & Navigation Company?

Mr. Weber: No, nor it never owned the road that forms any part of it.

Examiner Gutheim: I understood you to say that the original

road was what was known as the Kelly tram? Mr. Weber: Well, it was what was known as the Kelly tram, but the Kelly tram did not own it. It was commonly known as the

Kelly tram in that country, but it was owned by J. G. Powell. Examiner Gutheim: Now the road was organized as a carrier cor-

poration about when?

Mr. Weber: July 22nd, 1908.

Examiner Gutheim: And at that time what capital stock was issued?

Mr. Weber: Well, we issued \$50,000 worth on or about that time. the full amount of the capital stock.

Examiner Gutheim: And that stock was issued to the original vners in consideration of the proper transfers to the railroad corration?

Mr. Weber: The stock was issued to six different people who sub-

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Examiner Gutheim: Were those people all interested at scribed for it. the time in the Powell Lumber Company?

Mr. Weber: Only four of them.

Examiner Gutheim: And their holdings of the \$50,000 amounted what?

Mr. Weber: The four, do you mean?

Examiner Gutheim: Yes.

Mr. Weber: It amounted to \$1200, the two amounted to \$1200.

Examiner Gutheim: The two not interested?

Mr. Weber: The two not interested amounted to \$1200.

Examiner Gutheim: So that about \$48,000 was held by the Powell Lumber Company interests.

Examiner Gutheim: How much railroad property was acquired

for that \$50,000 worth of stock?

Mr. Weber: We transferred to the Lake Charles Railway & Navigation Company all of the railroad track and equipment that was owned at that time by the Powell Lumber Company.

Examiner Gutheim: That included the tracks in and about Lake Charles and the floating equipment necessary for use on the river

and about eight miles from Hecker east?

Mr. Weber: It included more track than that. The other things which you mentioned were included. At the time 2400 that the Powell Lumber Company acquired from its predecessor those tracks, I stated it was about eight miles. The Powell Lumber Company built on in the direction of Edna to some extent previous to the time the transfer was made.

Examiner Gutheim: And all that was built was transferred-

Mr. Weber: All that was built was transferred.

Examiner Gutheim: Was there any steel on hand for the remain der of the construction to Edna that passed with the conveyance of the railroad?

Mr. Weber: I do not remember whether there was any unlaid steel at that time, any steel that we had on hand was included in the

Examiner Gutheim: What obligations are now outstanding in addition to the \$50,000 of capital stock?

Mr. Weber: \$29,193.51. Examiner Gutheim: And that indebtedness is owing to whom? Mr. Weber: The principal part of that indebtedness is owing to e Powell Lumber Company. There is some outstanding, of the Powell Lumber Company.

Examiner Gutheim: Is that indebtedness that arose in the course. construction of the property or that had accumulated in the course of the current operation of the railroad property? 2401

Mr. Weber: It is practically all indebtedness that has accumulated in construction.

Examiner Gutheim: So that substantially \$80,000 has been expended for the railroad property that is now owned by the Lake Charles Railway & Navigation Company and the floating equipment used on the river?

Mr. Weber: Yes, sir; to get it exact it is \$81,475.65.

Examiner Gutheim: The total rail mileage is how much?

Mr. Weber: 20 miles.

Examiner Gutheim: And the spurs and sidings are about how much?

Mr. Weber: About a half a mile.

Examiner Gutheim: Are the present officials of the Lake Charles Railway & Navigation Company also officials of the Powell Lumber Company?

Mr. Weber: In part.

Examiner Gutheim: To what extent?

Mr. Weber: The President of the railroad and the lumber company are the same.

Examiner Gutheim: That will be sufficient, then. is your track all standard gauge?

Mr. Weber: Yes, sir.

Examiner Gutheim: And the weight of the rail is what?

Mr. Weber: We have some 30 pound. All the steel that has been bought since the incorporation has been heavier, 45 pounds and 52 pounds.

Examiner Gutheim: About what proportion is now laid with 30

pound?

Mr. Weber: About 12 miles.

Examiner Gutheim: Are there any station buildings at Hecker?

Mr. Weber: None.

Examiner Gutheim: At Moore, Kelly Junction or Baggetts?

Mr. Weber: One at Edna.

Examiner Gutheim: Is the station building at Edna the property of this company or the Watkins Road?

Mr. Weber: The property of the railroad company, the Lake

Charles Railway & Navigation Company.

Examiner Gutheim: Is it used jointly with the Watkins Company?

Mr. Weber: No.

Examiner Gutheim: I take it there is no depot at Lake 2403 Charles?

Mr. Weber: No.

Examiner Gutheim: What equipment have you?

Mr. Weber: We have a steamboat, two barges, three locomotives, 50 logging cars and 15 flat cars.

Examiner Gutheim: Are any of the locomotives operated on the Lake Charles rails?

Mr. Weber: No. sir.

Examiner Gutheim: They are all operated between Hecker and

Mr. Weber: They are all operated between Hecker and Edna, res, sir.

Examiner Gutheim: And so far as required by the Federal Acts

hey are all equipped with safety appliances?

Mr. Weber: The one that handles the local business is equipped with safety appliances. The other two are not.

Examiner Gutheim: At Lake Charles, do you mean?

Mr. Weber: No, up on the main line; one handles all local business and the other two nothing but logs.

Examiner Gutheim: Has the company a telephone or telegraph

ine?

2404

Mr. Weber: No.

Examiner Gutheim: The trains are not dispatched?

Mr. Weber: No, sir.

Examiner Gutheim: About how many men have you in the railway service solely?

Mr. Weber: We have an average of about 16 track men, three loco-

motive crews and six men on the steamboat.

Examiner Gutheim: Where is the general office located?

Mr. Weber: Lake Charles.

Examiner Gutheim: In an office joint with the Powell Lumber Company?

Mr. Weber: In the same building, but they do not occupy the

same rooms.

Examiner Gutheim: Are the general office employés joint employés of both companies?

Mr. Weber: Not all of them.

Examiner Gutheim: How many general office employés that are

employés solely of the railroad company?

Mr. Weber: Our traffic manager is not an employé of the lumber company in any way, shape or form. The officers and employés in the office are joint.

Examiner Gutheim: Are those joint employés paid by the lumber company and a proportion of their wages charged to the

2405 railway company?

Mr. Weber: To the railroad company.

Examiner Gutheim: What proportion does the railroad company

Mr. Weber: In all cases except me, I think there is one who does not receive any salary, the railroad company is paying twofifths of the joint salaries. There is one salary that I did not mention, connected with the railroad company, and that is our general
manager. He does not draw any salary in any way, shape or form
from the lumber company.

Examiner Gutheim: He operates over the whole line, or between

Hecker and Edna?

Mr. Weber: Just the line between Hecker and Edna. The steamboat captain has charge of the river. Examiner Gutheim: What train service do you operate?

Mr. Weber: One train a day each way. Examiner Gutheim: Sunday trains?

Mr. Weber: None on Sunday.

Examiner Gutheim: Do they operate on regular schedules?

Mr. Weber: They try to.

Examiner Gutheim: On published time tables?

Mr. Weber: Yes.

Examiner Gutheim: Are these arrangements for handling passengers on these trains?

Mr. Weber: No, sir.

Examiner Gutheim: Do you handle any United States mail?

Mr. Weber: We do not. Examiner Gutheim: Express? Mr. Weber: We do not.

Examiner Gutheim: Can you furnish us with a statement showing the total tonnage and revenue of the road for the last fiscal year and the division of that tonnage and revenue between the tonnage and revenue accruing on the business of the Powell Lumber Company and the tonnage and revenue accruing on the business of the outside general public?

Mr. Weber: We can. Mr. Walter: You have that with you, have you not?

Mr. Weber: Well, he asked me to furnish it, and I thought we could make it more complete maybe.

Examiner Gutheim: Mr. Burchmore suggests you are going to furnish that same statement for all of them.

Mr. Walter: Yes, and a map for all of them.

Examiner Gutheim: The logs that are used at the Lake Charles mill are taken to Hecker, I should say, and then by 2407 the river line to Lake Charles.

Mr. Weber: Yes, sir.

Examiner Gutheim: Where is the woods operation or logging

operation going on at the present time?

Mr. Weber: There is one camp and contractor at Moore, and the logs that go to the Lake Charles mill are furnished principally from this place at this time. We are buying some logs, or the company is buying some logs along the line.

Examiner Gutheim: Is the entire railroad operation in the timber conducted by the Lake Charles Railway & Navigation Company?

Mr. Weber: No, sir, it is not. Examiner Gutheim: Who handles the spur operation?

Mr. Weber: The logging contractors who are employed by contract with the lumber company.

Examiner Gutheim: And do they handle that work with their

own railroad equipment?

Mr. Weber: The Lake Charles Railway & Navigation Company furnishes the steel for the spurs and the locomotive power. The contractors for the lumber company lay their own tracks and load their own logs.

Examiner Gutheim: What consideration is paid by the contractors to the railroad for the use of the equipment? 08

Mr. Weber: They do not use any equipment.

Examiner Gutheim: I understood you to say they furnished the

Mr. Weber: No, sir; that is a mistake. The steel is furnished nd the railroad company hauls the cars for which they charge the Examiner Gutheim: Yes; but am I to understand that the \$4.00

per car compensation covers also the privilege extended to the Powell

umber Company to use this rail and this locomotive?

Mr. Weber: They do not use a locomotive; the railroad company

Examiner Gutheim: Is there not a locomotive necessary in the uses the locomotive.

operation of the logging spurs? Mr. Weber: The locomotive goes right in on the spur; the spurs are short at this time, because they are moved from time to time; and it pulls the logs out on the main line and hauls them to the mill or to the river, as the case may be.

Examiner Gutheim: Let me get this straight now. Does the steel that is laid in the temporary logging spurs and taken

up from time to time and relaid belong to the Lake Charles 2409 Railway & Navigation Company?

Examiner Gutheim: And the laying and taking up and relaying Mr. Weber: Yes, sir. of that steel is done by the lumber company?

Mr. Weber: Yes, sir; or their sub-contractors.

Examiner Gutheim: And the only locomotive operation that is performed there is performed by the Lake Charles Railway & Navigation Company's locomotive?

Examiner Gutheim: That is, there is no one locomotive assigned to the spur work?

Examiner Gutheim: What other traffic is handled over the line in

Mr. Weber: Do you mean in which the lumber company has no addition to the logs?

Examiner Gutheim: Well, to get a general idea of the traffic there?

Mr. Weber: Well, they haul turpentine and resin and tar.

Examiner Gutheim: That is for the Calcasieu Naval Stores

Mr. Weber: Yes, sir; better known as the Union Naval Company? 2410 Stores Company. Merchandise for; hauled here some steel some time back for a tram company that was located above there; they haul some rice in carloads.

Examiner Gutheim: About all of the business that you handle going north from Lake Charles comes pretty nearly being camp

supplies, does it not?

Mr. Weber: We do not handle any camp supplies going north by the boat to any great extent, a very small amount.

Examiner Gutheim: Is it handled south from Edna?

Mr. Weber: No, sir; we do not handle very much of that stuff. The people living in there buy their stuff from the stores at Hecker.

Mr. Walter: Where is your commissary?
Mr. Wéber: The lumber company has a commissary at Edna, the only commissary connected with the business.

Examiner Gutheim: Do you issue any local tariffs?

Mr. Weber: We do.

Examiner Gutheim: Are they filed with the Interstate Commerce Commission?

Mr. Weber: They are.

Examiner Gutheim: Do you concur in the point tariffs of your connections?

Mr. Weber: Yes, sir.

Examiner Gutheim: With the Southern Pacific lines and the Iron Mountain and Kansas City Southern?

Mr. Weber: Yes, sir.

Examiner Gutheim: And what divisions does the Lake Charles Railway & Navigation Company receive out of the through rates?

Mr. Weber: Do you want any special line or just the maximum and minimum?

Examiner Gutheim: If you will file the division sheets you can

just give us the range.

Mr. Weber: Three-quarters of a cent to four cents. I will say that that should read three-quarters of a cent to three cents, because the points to which we are entitled to a four cent division are points which we are not able to avail ourselves of.

Mr. Walter: Shall I put them in the record? They are already

on file?

Examiner Gutheim: All right, if we have them. from three-quarters of a cent to three cents. 2412

Mr. Weber: Three-quarters of a cent to four cents, but we

do not get any four cent divisions, unfortunately.

Examiner Gutheim: Do they all pay you the same divisions?

Mr. Weber: No, sir; they do not.

Examiner Gutheim: What divisions do you get on your class and commodity rates?

Mr. Walter: 15 and 20 per cent.

Examiner Gutheim: Are those class and commodity rates in effect generally, or are they simply in effect to and from New Orleans? Mr. Weber: Generally.

Examiner Gutheim: Are the divisions that accrue to your line allowed on a milling in transit basis?

Mr. Weber: They are.

Examiner Gutheim: You are filing annual and monthly report-

with the Commission?

Mr. Weber: We are filing annual reports with the Railroad Commission and monthly reports-in fact, all the reports that we know of, to the Interstate Commerce Commission. I want to say, how-

ever, that we did not file an annual report in a book like I see some of the other lines have. We never received any such 2413 book for that purpose. We received it from the State Commission and filed that. We will, however, work that up or will ask for the book as soon as we get home. We have been filing those trial balance sheets every month which shows the report of our business for the year tabluated.

Examiner Gutheim: Is the road operating on a paying basis? Mr. Weber: Well, this year we have made a little money. We

are at the present time a loser.

Examiner Gutheim: Who is financing the deficit?

Mr. Weber: The Powell Lumber Company.

Examiner Gutheim: What rate of interest is paid on the indebtedness due the Powell Lumber Company?

Mr. Weber: No interest so far.

Examiner Gutheim: Does your line exchange free transportation with your connections?

Mr. Weber: To some.

Examiner Gutheim: What free transportation do the officials of

your road receive?

2415

Mr. Weber: We get two transportations from the Kansas City Southern, three from the Southern Pacific and four from the Iron Mountain.

Examiner Gutheim: Have you any beyond those lines? 2414 Mr. Weber: Yes, sir.

Examiner Gutheim: Which takes you how far, to Chicago? Mr. Weber: No, sir; we have not anything to Chicago.

Mr. Walter: Have you any beyond those lines?

Mr. Weber: No, sir, not in that direction. We have other transportation, but not in the direction of Chicago. Kansas City and St. Louis.

Examiner Gutheim: I take it you and Mr. Gibson hold passes on

all the lines mentioned.

Mr. Weber: On all the lines mentioned, yes, sir.

Mr. Walter: This proposed extension from Edna to Kinder is how far?

Mr. Weber: About five miles.

Mr. Walter: At that point what connection will you make that you have not now?

Mr. Weber: The Colorado Southern.

Examiner Gutheim: That is the Frisco Line?

Mr. Weber: Yes, sir.

Mr. Walter: Why are you making that extension?
Mr. Weber: Well, there are two or three reasons. We want to have more facilities for handling our business, getting more equipment, better rates, and also getting the business between Edna and

Kinder, which is partly a rice country and partly timber, and also there are two other turpentine companies up there that we can serve if we make that extension; and get connected up to the Colorado Southern and they give us the rate that they have promised us on turpentine and resin; we will be able to handle that business which is now being hauled by wagon in part to Kinder and part of it elsewhere.

Mr. Walter: Is that desirable traffic?

Mr. Weber: Very desirable.

Mr. Walter: And with this extension, will it move in some volume?

Mr. Weber: Yes, sir.

Mr. Walter: Is this road a permanent road?

Mr. Weber: It is.

Mr. Walter: Your charter, I believe, is only for a common carrier of freight and property?

Mr. Weber: Yes, sir. Mr. Walter: And not of passengers?

Mr. Weber: Not of passengers.

Mr. Walter: I will ask you what effect, if any, the extension of this line to Kinder will have on the rate to the shipper of turpentine and resin.

Mr. Weber: It will reduce the rate to the shipper three

2417 cents per 100 pounds.

Mr. Walter: In other words, it will apply the blanket rate to points on our line?

Mr. Weber: It will apply the blanket rate to points on our line. Mr. Walter: And you will receive the same division that you

would receive locally now?

Mr. Weber: Exactly the same division.

Mr. Walter: What effect will it have as to classes and commodities with reference to the two-line and three-line haul, will it reduce those rates to the shippers?

Mr. Weber: It will.

Mr. Walter: That is to say, the two-line haul is cheaper than the three-line haul to the shipper, it makes a less rate?

Mr. Weber: It makes a less rate; yes, sir.

Mr Walter: We will file these statements showing classification of tonnage and also furnish you a map. Is there anything else which occurs to you which you desire to state?

Mr. Weber: You remember you wanted to know about the brief. Mr. Walter: As to the complaint, a complaint has not been filed

as to this line. Shall we file a complaint, and allow the evidence that has already been taken to apply to that com-2418

Examiner Burchmore: I do not understand that it is essential to file a complaint, in fact, I do not understand that any right you may have will be prejudiced or jeopardized by your failure to file a complaint.

Mr. Walter: We can file it in a couple of weeks' time, and perhaps

if there is no objection, we will do that,

Examiner Burchmore: I would not file a complaint, but if you feel at all doubtful, you may write to the Commission and I think that will elicit the reply that no complaint is necessary.

Mr. Walter: All right.

Examiner Gutheim: You spoke of the extension from Edna to Kinder.

Mr. Weber: Yes, sir.

Examiner Gutheim: As a matter of fact, the territory from Edna to Kinder is now served by the Watkins Road, which has been located in that community for a good many years?

Mr. Weber: Yes, sir.

Examiner Gutheim: At the mill at Edna, does the Lake Charles Railway & Navigation Company handle the finished product, or is it taken out directly by the Watkins locomotives?

Mr. Weber: In most cases it is taken out by the Iron

Mountain.

Examiner Gutheim: It is only very occasionally that you handle

Mr. Weber: Very occasionally.

Examiner Gutheim: And at Lake Charles you have no power, and the mill service is entirely performed by the connections?

Mr. Weber: Yes, sir.

Mr. Walter: That is all. Mr. Weber: You asked me if there is any statement I might It is this: The country that our line runs through belongs to small holders with two exceptions, besides the Powell Lumber Company's interests. Our line does not run through property belonging to the Powell Lumber Company, but the country belongs to small holders with the exception I have spoken of, and those exceptions are timber holdings that belong to interests that have no connection in any way, shape or form with either the railroad or the lumber company, which we hope to serve when they get ready to manufacture their timber into lumber.

Mr. Walter: Is there any proposed colonization scheme on 2420

Mr. Weber: Not that I know of.

Mr. Walter: Do you know of any option being given?

Mr. Weber: Yes, sir; I know of an option on 6,000 acres adjoining our line for colonization, but I do not know that the sale has been made.

Mr. Walter: That is all.

Whereupon, at 10.30 P. M., an adjournment was taken to Friday, December 16, 1910, at 9.30 A. M.

2421

New Orleans, La., December 16, 1910.

Met pursuant to adjournment at 9:30 a. m.

Present: Examiner Burchmore and parties as before.

Mr. Riddell: I understand that the case of the Salem, Winona and Southern was called last night when we were away, and if there is no objection, I would like to have that case brought up for hearing new.

Examiner Burchmore: First, let me say I have been asked by a number of counsel and representatives whether we will be able to conclude by Saturday evening, or whether there will be a postponement or further hearings next week. I can answer the first question in the negative. There seem to be over 30 cases awaiting trial at this time, and I do not believe we can hear 15 cases a day. As to whether there will be an adjournment or continuance of the hearing next week, I think I will be able to make an announcement this noon. But I will say that any road that is present and insists upon a hearing at this time will not be forced to go over until a later date. If it is decided to postpone the hearing. I will make some announcement at two o'clock on that.

I desire to call a number of tap line connections of the 2422 Iron Mountain System whose names have not been called, and I call them simply for the purpose of ascertaining whether they are represented. Is the Englewood, Alexandria &

Southwestern present?

Mr. Cone: That is out of business.

Examiner Burchmore: I am informed through unofficial sources that this road has ceased operations. The Homan & Southeastern? An appearance has been entered for that company, but it has been called twice and seems not to be present. The Poplar Bluff & Dan River Railway.

(No response.)

Examiner Burchmore: The Prescott & Reader Railway.

(No response.)

Examiner Burchmore: The Scott County Railroad. That railroad is reported to have ceased operations, the entire timber holdings of the controlling company having been cut out, and there being no other business which it could carry, I assume. The Swarts & Ouachita. That is also reported as having ceased operations. The Tyronza & St. Francis River.

(No response.)

Examiner Burchmore: The West Point Railroad.

(No response.)

2423 Examiner Burchmore: The Williamsville, Greenville & St.

Louis Railway. That railroad is reported to be carrying very little traffic at the present time; perhaps some ore or something of that kind, but the timber is all cut out.

The Wills Point Railway.

Mr. Jeffery: I may say about the Scott County Railroad, they have ceased the lumber business, but we have a water melon division in with them.

Examiner Burchmore: The Red River & Rocky Mount Railroad was called yesterday afternoon. I had agreed to notify counsel a few moments before the case was called, and then promptly forgot that agreement. He was out in the ante room and I did not give him an opportunity to come in. I think the case should be heard at the present time, it being a Cotton Belt connection.

Mr. Cowan: Before proceeding with the witness in that case I wish now to call attention in the record to what I should have called attention to the first day, that in the supplemental petition of the intervenors filed in this case the printed copies do not have the name of the Ludington, Wells & Van Schaick Lumber Company, of

Ludington, Louisiana as one of the intervenors. The original petition filed with the Interstate Commerce Commission was a typewritten copy, which by error of the stenographer, left Learning that I telegraphed the name out the one name. to the Interstate Commerce Commission, to the secretary, to be inserted. Later the secretary wired me that it was necessary to have copies furnished for all parties, and so I telegraphed an associate counsel in Washington to have the copies printed. When he went to get the petition and have it printed, he did not get hold of the copy which had the name inserted. There were several typewritten copies sent to the secretary, and he got the copy which did not have that name in, so I wish to have the record show that correction. Now, if your Honor please, a few moments ago when you were speaking about the continuance of the hearing here, you said that if there was any company present which insisted upon a hearing at this time, that a continuance would not be forced. It is not my desire, of course, to force any continuance, but we expected to quit tomorrow night, according to the suggestion made by the Examiner, if those who desire to have a hearing, and if those who desire to have a hearing would indicate that they are not willing to leave without a hearing, and if the number of those cases is such that you would have

to go over into next week, then it would require a change in your Honor's ruling as to whether there would be a continuance forced or we should remain over until next week. So it seems to me, using a colloquial or colonial expression of the judges in Texas, the docket ought to be sounded, to see if we have to stay. Some of us have to leave. I do not have to, but Judge Garwood has to, and some of the other attorneys, and we ought to know as soon as we can after you have gotten your other information

what we are going to do.

Examiner Burchmore: That was my purpose, to call the cases. Mr. Cowan: To call the cases and see whether we have to stay

over until next week.

Examiner Burchmore: I do not think, as a matter of fact, that there will be a large proportion of the cases that will insist upon a hearing at the present time, Judge, from the requests for postponement which have come to me. I simply wanted to let counsel know.

Mr. Cowan: I simply make that suggestion in the interest of

posting counsel as well as myself.

Mr. Garwood: If it is at all practicable, I should very much desire that the hearing be closed for all purposes; that is, for this sitting, Saturday night. I should very much dislike to leave if the hearing is still in progress. Still, I have an engage-

ment with Mr. Andrews, of counsel for the intervenors, at Austin Wednesday, that is of considerable importance to us, and if we could close up Saturday night as a whole, I would like very much

Examiner Burchmore: The Red River & Rocky Mount Railroad

will now be heard.

Mr. Ziebold: I represent that company, and Mr. Beardsley will

Examiner Burchmore: I might announce at this time, to save you all sitting here, that I think we will call the Wilmar & Saline River next, it being in turn. Is that company present?

Mr. Judd: We will be ready.

Examiner Burchmore: I have been requested to give preference to the Salem, Winona & Southern, which is not yet in turn. I understand that Captain White has been here throughout the hearing, and counsel for one or two other interests have expressed a willingness to give way to that case this morning. Is there any objection to calling that case this morning? I will call that case third, then. These three cases will doubtless take until noon.

2427 Red River & Rocky Mount Railroad.

A. H. Beardsley was called as a witness, and having been duly sworn, testified as follows:

Examiner Burchmore: You are an employee of this railroad company?

Mr. Beardsley: Yes, sir; I am an officer. Examiner Burchmore: What is your office?

Mr. Beardsley: Secretary.

Examiner Burchmore: Are you an officer of any lumber company?

Mr. Beardsley: No, sir.

Examiner Burchmore: Are you employed by any lumber company?

Mr. Beardsley: Yes, sir.

Examiner Burchmore: What company, and what is your capacity?

Mr. Beardsley: Sales manager of the Antrim Lumber Company. Examiner Burchmore: What proportion of your total compensation is paid by this railroad?

Mr. Beardsley: None.

Examiner Burchmore: The railroad pays you no salary?

Mr. Beardsley: No, sir.

Examiner Burchmore: Do you devote any substantial por-

tion of your time to its service? 2428

Mr. Beardsley: Well, not a great deal; no sir.

Examiner Burchmore: Is it not true that the stockholders of the Red River & Rocky Mount Railroad are identical with the stockholders of the Antrim Lumber Company, Limited?

Mr. Beardsley: No.

Examiner Burchmore: What difference is there?

Mr. Beardsley: There are three stockholders in the railroad company who have absolutely no stock in the lumber company. Examiner Burchmore: Those are directors?

Mr. Beardsley: Yes, sir.

Examiner Burchmore: Did they purchase their stock, or was it presented to them?

Mr. Beardsley: Well, practically presented to them.

Examiner Burchmore: What was the purpose of the construction f this railroad?

Mr. Beardsley: Mainly to supply the mill with logs.

Examiner Burchmore: I understand the Red River & Rocky Mount Railroad connects with the Cotton Belt System at Antrim, ouisiana

Mr. Beardsley: Yes, sir.

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Examiner Burchmore: Is that the terminus of the line?

Mr. Beardsley: Yes, sir.

Examiner Burchmore: It extends from that point in what direcion and for what distance?

Mr. Beardsley: East and west at present. Examiner Burchmore: Easterly or westerly?

Mr. Beardsley: Both, right now.

Examiner Burchmore: Then Antrim is not one of the termini,

Mr. Beardsley: Well, we are not operating east at present.

Examiner Burchmore: How far east of that point does the line extend?

Mr. Beardsley: At present about three-quarters of a mile.

Examiner Burchmore: To what point?

Mr. Beardsley: Well, it just goes to the woods.

Examiner Burchmore: That line is owned by the railroad?

Mr. Beardsley: Yes, sir.

Examiner Burchmore: How far west does it extend?

Mr. Beardsley: About twelve miles; a little less than twelve miles.

Examiner Burchmore: To what point?

Mr. Beardsley: To the woods also.

Examiner Burchmore: That line is operated?

Mr. Beardsley: Yes.

Examiner Burchmore: Has the Antrim Lumber Company any private spur tracks connecting with this road?

Mr. Beardsley: Yes.

Examiner Burchmore: Where are those tracks, and what is their extent?

Mr. Beardsley: All told, it is about a mile long and runs out into

the woods to no definite point.

Examiner Burchmore: Are those tracks operated by the railroad company or the lumber company?

Mr. Beardsley: Those tracks are put down by the lumber com-

Examiner Burchmore: And the railroad company operates them? Mr. Beardsley: To this extent; they do all the switching over the track, but the track and ties and right of way and everything belong

to the lumber company on this spur. Examiner Burchmore: Is it not a fact that this railroad was built to develop and get together the timber holdings of the Antrim Lum-

ber Company?

Mr. Beardsley: Yes, I think it was.

Examiner Burchmore: I understand or assume that when 2431 the timber has been exhausted along this line the tracks will be taken up and the equipment sold or removed to some other point; is not that a fact?

Mr. Beardsley: I do not know that that will be a fact with this

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western division. Examiner Burchmore: Well, that seems to be the impression in some quarters, does it not?

Mr. Beardsley: I cannot answer positively on that. Examiner Burchmore: That is a possibility? Mr. Beardsley: That is a possibility; yes, sir.

Examiner Burchmore: Is it a probability? Mr. Beardsley: Well, I do not know; there are some conditions developing in there now that may make the company see fit to leave the track.

Examiner Burchmore: That is, you think it may become a paying common carrier railroad?

Mr. Beardsley: Yes, sir, there are chances for it.

Examiner Burchmore: Independent of the traffic furnished by the lumber company?

Mr. Beardsley: Absolutely; yes, sir.

Examiner Burchmore: You say there are chances; is it 2432 probable that it will become a paying venture as a railroad?

Mr. Beardsley: That is too indefinite. I will tell you what it is. It is on account of the Caddo Oil Fields there, right across the river, and if they open up and develop, we will certainly keep the road down there, I believe.

Examiner Burchmore: What prospective traffic have you after the

timber is exhausted, aside from this oil?

Mr. Beardsley: Well, I cannot say any in view right now; practically none.

Examiner Burchmore: As a matter of fact, the Caddo oil fields are

adequately served by the Kansas City Southern now?

Mr. Beardsley: That may be true, but they are after us for the cut

over lands we have there, and evidently they are interested.

Examiner Burchmore: This prospective traffic in petroleum will be furnished by shippers who have adequate means of reaching the market independent of your line; that is, they can use the Kansas City Southern, and that railroad will be satisfactory, presumably?

Mr. Beardsley: Well, the Kansas City Southern could not go over

into our territory, if we did not want them to.

Examiner Burchmore: No, but there will not be any oil

2433 shipped from Caddo to Antrim, will there?

Mr. Beardsley: Not necessarily from Caddo, but you understand there is supposed to be oil all over that country.

Examiner Burchmore: Oh, I see; on your holdings?

Mr. Beardsley: Yes, sir, on the Antrim Lumber Company's hold-

Examiner Burchmore: The territory through which this road runs is very poor land, and not fertile enough to encourage agriculture, as I understand it?

Mr. Beardsley: No, sir; you are mistaken there. Examiner Burchmore: Are there any farms down there?

r. Beardsley: Yes, sir, there is one of the best peach orchards I

ever seen in the back part of the land. caminer Burchmore: How long have you been raising peaches

r. Beardsley: We have not been raising them at all, but it is ad-

xaminer Burchmore: How long have there been peach orchards

r. Beardsley: I cannot state definitely, but I imagine six or n years; somewhere around there; I am not positive on that

point.

Examiner Burchmore: How does your road differ in the nature and extent of its operations, from the Bodcaw Valley 4 lroad, which seems to be in the same vicinity? They are of the

e general character?

Ir. Beardsley: I do not know much about the one you mention. Examiner Burchmore: Is not that the one which connects at len Bridge with the trunk line?

Mr. Beardsley: I believe it is, but I am not positive about that. Examiner Burchmore: Where are the mills of the Antrim Lum Company located?

Mr. Beardsley: At Antrim, Louisiana. Examiner Burchmore: They are immediately adjacent to the ht of way of the Cotton Belt Railroad?

Mr. Beardsley: Yes, sir.

Examiner Burchmore: And the lumber manufactured in those lls is located directly into the equipment furnished by the Cotton lt, as it stands on Cotton Belt rails?

Mr. Beardsley: Yes, sir. Examiner Burchmore: So that the finished lumber moving out from these mills does not pass over at any time the rails of the Red River & Rocky Mount Railroad? 35

Mr. Beardsley: No, sir. Examiner Burchmore: And the engines of the Red River & Rocky

ount Railroad do not haul this finished lumber? Mr. Beardsley: No, sir, they do not touch it. Examiner Burchmore: Then the entire service in connection ith the lumber is performed by the Cotton Belt System?

Mr. Beardsley: On the lumber; yes, sir. Examiner Burchmore: But on the logs this Red River & Rocky fount Railroad gets the haul?

Mr. Beardsley: Yes, sir.

Examiner Burchmore: When was this mill opened?

Mr. Beardsley: About 16 years ago.

Examiner Burchmore: That was the first operation of the mill? Mr. Beardsley: Somewhere around there; I am not positive; have not been with the company long enough to know.

Examiner Burchmore: Was it then operated by this same corpora-

Mr. Beardsley: I think it was. I would not speak positively on ion? hat point.

Examiner Burchmore: When was construction begun on 2436 this railroad?

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Mr. Beardsley: About the same time.

Examiner Burchmore: The railroad was originally intended solely to haul the logs to the mill, was it not?

Mr. Beardsley: Yes, sir.

Examiner Burchmore: When was this railroad incorporated?

Mr. Beardsley: In May, 1904. Examiner Burchmore: Previous to that time had it received any divisions out of freight rates?

Mr. Beardsley: It had.

Examiner Burchmore: It had?

Mr. Beardsley: Yes.

Examiner Burchmore: Previous to that it had transported traffic for the public?

Mr. Beardsley: To my knowledge, no.

Examiner Burchmore: Well, your opinion is, aside from actual knowledge, that it had not?

Mr. Beardsley: That is my opinion.

Examiner Burchmore: Who pays the taxes of this railroad company?

Mr. Beardsley: The railroad company.

Examiner Burchmore: Is it not a fact that the lumber company, as an actual matter of fact, pays these taxes and 2437 charges them to the railroad tax account?

Mr. Beardsley: Well, now, I am not sure whether the railroad company issues their own check or not for it; it eventually is charged to the railroad company, which makes the railroad company, in my estimation, pay it.

Examiner Burchmore: What is the total capitalization of this rail-

road?

Mr. Beardsley: \$64,000.

Examiner Burchmore: Is that all issued and outstanding?

Mr. Beardsley: Yes, sir.

Examiner Burchmore: Was it paid for in cash?

Mr. Beardsley: I think it was a transfer arrangement, similar to some of these other cases you have had before you.

Examiner Burchmore: It was in the nature of a stock dividend

to the stockholders of the lumber company, was it not?

Mr. Beardsley: Well, you might construe it that way; yes, sir. Examiner Burchmore: That is, the stockholders in the lumber company received a dividend in the shape of railroad stock; that is about what it amounted to?

2438 Mr. Beardsley: Well you might put that construction on it.

Examiner Burchmore: What construction would you put on it? Mr. Beardsley: Well, I hardly know how to explain it best.

Examiner Burchmore: Just explain the original financing of this

road in such a way as you can.

Mr. Beardsley: The lumber company charged the amount of the stock to the stockholders and the stockholders received stock from

railroad company to the extent of their holdings, which is prac-

lly nothing but a transfer. Examiner Burchmore: Has the railroad company any bonded intedness?

Mr. Beardsley: No, sir.

Examiner Burchmore: Has it any notes outstanding?

Mr. Beardsley: No, sir. Examiner Burchmore: What did it cost to construct this raild including equipment, if you know?

Mr. Beardsley: I do not know, but I presume—well, I do not ow positively. I will make that answer. Examiner Burchmore: You have about 14 miles of standard

Mr. Beardsley: Somewhere in that neighborhood.

Examiner Burchmore: What is the character of the rail? Mr. Beardsley: 35 pound steel.

Examiner Burchmore: This railroad is all light construc-

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Mr. Beardsley: Well, compared with the main line of the Cotton Examiner Burchmore: Do you hold any trackage rights over the

otton Belt?

Mr. Beardsley: No, not now.

Examiner Burchmore: How many locomotives have you?

Mr. Beardsley: Three.

Examiner Burchmore: Do you operate all those locomotives?

Mr. Beardsley: Yes, sir. Examiner Burchmore: Do you own those locomotives?

Mr. Beardsley: Yes, sir, own them outright. Examiner Burchmore: What cars has the railroad company?

Mr. Beardsley: Thirty cars.

Examiner Burchmore: How long has it owned those logging cars? Mr. Beardsley: Quite a while; I don't know when they were ourchased; it was before my time.

Examiner Burchmore: Are not those log cars leased from the lum-

ber company? 2440

Mr. Beardsley: No, sir, not to my knowledge they are

Examiner Burchmore: You have no other equipment besides these logging cars?

Mr. Beardsley: Well, we have got, I think, two hand cars, but I did not include that in the equipment in making up my list.

Examiner Burchmore: How many gangs of workmen are there engaged on track work?

Mr. Beardsley: One. Examiner Burchmore: Those men or other trackmen employed by the railroad company maintain and keep in condition and relay the private tram roads of the Antrim Lumber Company, do they not?

Mr. Beardsley: No, sir, I do not think they touch the private

tracks of the Antrim Lumber Company at all.

Examiner Burchmore: Who attends to that repairing?

Mr. Beardsley: They have their own crew, a spur crew. Examiner Burchmore: Have you any station buildings? Mr. Beardsley: No.

Examiner Burchmore: Any platforms or warehouses?

Mr. Beardsley: No, you could not call them warehouses. have a round house.

Examiner Burchmore: For the locomotives? 2441

Mr. Beardsley: Yes.

Examiner Burchmore: Is that round house standing on land

owned by the lumber company?

Mr. Beardsley: I do not know whether the ground has ever been transferred to the railroad company or not; I am of the opinion it

Examiner Burchmore: What about the building, who owns that?

Mr. Beardsley: That is owned by the railroad company.

Examiner Burchmore: Who owns the right of way on which the railroad runs?

Mr. Beardsley: The railroad company.

Examiner Burchmore: It owns that outright?

Mr. Beardsley: Yes, sir.

Examiner Burchmore: Was any part of that right of way secured by condemnation proceedings?

Mr. Beardsley: I am not familiar.

Examiner Burchmore: Do you know, Mr. Ziebold?

Mr. Ziebold: I think not.

Examiner Burchmore: How many train crews have you?

Mr. Beardsley: Three.

Examiner Burchmore: What employees are there of the railroad company aside from the track crews and train crews that receive salary?

Mr. Beardsley: There is one party at the mill that takes care of the records; he gets a nominal compensation for the time he spends on it.

Examiner Burchmore: Do you have any passenger trains?

Mr. Beardsley: No.

Examiner Burchmore: Do not carry passengers for hire?

Mr. Beardsley: No.

Examiner Burchmore: How many freight trains do you run, and are they run on a regular schedule?

Mr. Beardsley: We run one regular train out, that is, the empty cars out in the morning and the loaded cars back in the evening on a regular schedule posted in the office.

Examiner Burchmore: How many cars in that train, as a general

thing?

Mr. Beardsley: They average from 15 to 20.

Examiner Burchmore: Do you carry any other freight except

Mr. Beardsley: No.

Examiner Burchmore: Are you able to give me the total tonnage figures for your road for the past fiscal year?

Mr. Beardsley: 27,721. 2443

Examiner Burchmore: All of that tonnage was logs, was

it not?

Mr. Beardsley: Yes, sir. Examiner Burchmore: You did not have any other freight? Mr. Beardsley: Only such little supplies as go out to the commissary, which do not amount to very much and are not worth considering.

Examiner Burchmore: You are a party to joint tariffs on file with the Interstate Commerce Commission?

Mr. Beardsley: Yes, sir, we concur in the Cotton Belt tariffs.

Examiner Burchmore: What stations are there on your line, from a tariff standpoint; that is, what stations are named in the tariffs?

You have Plain Dealing. Mr. Beardsley: That is not on the Red River & Rocky Mount;

that is on the Cotton Belt, about three miles from Antrim.

Examiner Burchmore: What did you have to do with Plain Deal-

ing, as a station?

Mr. Beardsley: It has more to do with the billing. We have no Examiner Burchmore: The Cotton Belt has no station at agent at Antrim.

Antrim?

2444 Mr. Beardsley: No.

Examiner Burchmore: The billing is done at Plain Dealing? Mr. Beardsley: Yes, sir; the agent does it there; he makes his billing read from Antrim to destination.

Examiner Burchmore: Simply because there is no employee at

Antrim?

Mr. Beardsley: Yes.

Examiner Burchmore: I understand all the billing is made out by the Cotton Belt agent?

Mr. Beardsley: The bill is; yes, sir.

Examiner Burchmore: Your company does no billing?

Mr. Beardsley: We make our own bills of lading, and present them to the agent at Antrim.

Examiner Burchmore: I mean the Red River & Rocky Mount

Railroad has nothing to do with the bills of lading?

Mr. Beardsley: That is what I mean; they make out the bills of lading at Antrim.

Examiner Burchmore: I should think if they make them out,

they ought to sign them as a railroad.

Mr. Beardsley: They do sign them. Examiner Burchmore: The bills of lading or way bills?

Mr. Beardsley: The bills of lading. 2445

Examiner Burchmore: I thought the bills of lading when

signed were delivered to the shipper. Mr. Beardsley: We use the triplicate standard form and they deliver the memorandum, and straight bill of lading goes-Examiner Burchmore: The original goes to the shipper?

Mr. Beardsley: Yes, sir. Examiner Burchmore: One copy goes to your railroad files and

Mr. Beardsley: To the agent at Plain Dealing.

Examiner Burchmore: That copy goes to the agent so he can make out the way bill?

Mr. Beardsley: That is the understanding; yes, sir.

Examiner Burchmore: What stations are there on your line?

Mr. Beardsley: Well, none.

Examiner Burchmore: I mean stations from a tariff standpoint, named in the tariff.

Mr. Beardsley: The tariff shows, I believe, two or three stations,

but they are no longer in existence.

Examiner Burchmore: There are no joint rates published from points back along your line?

Mr. Beardsley: I think the tariff provides that, but we

are not operating them.

Examiner Burchmore: But there are no stations there?

Mr. Beardsley: No.
Examiner Burchmore: Your mill is at Antrim?

Mr. Beardsley: Yes, sir.

Examiner Burchmore: And these bills of lading read from Antrim on the Red River & Rocky Mount, and not from Antrim on the Cotton Belt?

Mr. Beardsley: Our bills of lading do; yes, sir.

Examiner Burchmore: Is the joint rate that applies from points on your line the same as the joint rate that applies from Plain Dealing on lumber?

Mr. Beardsley: Yes, sir; I think Plain Dealing takes the same

rates as all our points.

Examiner Burchmore: Your station at Antrim takes the same rate on lumber that the Cotton Belt's own station at Antrim takes?

Mr. Beardsley: Yes, sir. Examiner Burchmore: What are your divisions?

Mr. Beardsley: From one to two and a half cents, according to the road the car takes.

Examiner Burchmore: That is your largest division, two and a half cents?

2447 Mr. Beardsley: Yes, sir.

Examiner Burchmore: The only service you perform for that division is the movement of the logs into the mill?

Mr. Beardsley: Yes, sir.

Examiner Burchmore: Do you receive any other compensation for moving those logs into the mill?

Mr. Beardsley: From the lumber company we do, 40 cents a ton

from the company.

Examiner Burchmore: Is that 40 cents a ton on the actual weight of the logs?

Mr. Beardsley: It is estimated at 8,000 pounds per 1,000 feet. Examiner Burchmore: Is that a reasonable estimate, in your opinion?

Mr. Beardsley: I think it is.

Examiner Burchmore: Have you ever weighed any logs?

Mr. Beardsley: I have not personally, but I presume the company did when they first started in.

Examiner Burchmore: Have you any track scales there?

Mr. Beardsley: No, sir.

Examiner Burchmore: Mr. Walter, one of your companies said it had track scales on its line. Do you know what one 9448 that was?

Mr. Cowan: The Groveton, Lufkin & Northern has.

Mr. Garwood: That is our road.

Examiner Burchmore: Would it be too much trouble for the Groveton, Lufkin & Northern to weigh two or three carloads? It has been suggested that it may be important to know how much logs weigh, and if they will instruct the Commission as to the log weights

Mr. Garwood: We will be very glad to do that.

Mr. Cone: The Forest Service has accurate weights on all kinds of green logs. Examiner Burchmore: I presume the Commission will take that

matter up with the Forest Service. Mr. Walter: The Fourche River Railroad has scales, and they have made very careful weights.

Mr. Cowan: Do you recall what it is on pine?

Mr. Walter: He told me it ranged from 7,500 to 11,000.

Mr. Beardsley: If he gets long leaf logs he will get into trouble. Mr. Riddell: Mr. White can give you definite information.

Mr. White: It depends on the size of the logs. If the scaling is of a small log, that carload of logs weighs 20 per cent or 25 per cent — than if it is a large log. You see in scaling a log that is only 12 inches in diameter and 16 feet long. there are 64 feet in it, and it will saw out a good deal more than that, the overrun is so much greater on a small log, so that small log will weigh 20 to 25 per cent more than large logs per thousand.

Mr. Coleman: What is the average on short leaf and long leaf? Mr. White: Short leaf timber growing on low lands will weigh 20 per cent more than the same class of timber growing on high land. It gets more moisture, and grows more rapidly, and at the same time it dries out and shrinks after it is dry, it is lighter than the

timber on the high land.

Mr. Cowan: What is the general average, as you understand? Mr. White: In Missouri our average was about 7,000 pounds per thousand feet of lumber.

respecting the operation of railroads?

Mr. White: That is board measure; that is on the high lands in Missouri. Down in Louisiana that timber will weigh 8,000 pounds to the thousand feet of lumber, the average size, trees that will average 14 to 15 inches in diameter.

Mr. Cowan: Will you permit a few questions of Mr. White 2450

in the record as a matter of general information?

Mr. Greer: He is going to take the stand directly. Mr. Cowan: Some one remarked here that the Forest Service of

the Government has an accurate estimate.

Examiner Burchmore: Yes, sir. We will take that up with the Forest Service. Does this company comply with the acts of Congress respecting the operation of railroads?

Mr. Beardsley: They endeavor to do so; yes, sir.

Examiner Burchmore: Do you keep your accounts in accordan with the system prescribed by the Interstate Commerce Commission

Mr. Beardsley: Yes, sir; but I understand we did not file the la annual report. For what reason, I do not know. I have been to ing to find out ever since I have been here.

Examiner Burchmore: You have not filed any annual report

Mr. Beardsley: I do not know since the last one, since I got he and found it was required, I have been trying to get it.

Examiner Burchmore: I understand you do not file any annu

reports.

2451 Mr. Beardsley: I cannot vouch for that. I have not be in charge of this department long enough to know.

Examiner Burchmore: How long have you been keeping a sep

rate set of books for the railroad company?

Mr. Beardsley: Well, for years back; I think that can be a swered positively. I can give you any information that you desir because everything is kept separate on the books.

Examiner Burchmore: Is it not a fact that until very recently least this railroad company kept no separate books but simply ke

separate accounts on the lumber company's books?

Mr. Beardsley: They still do that, keep separate accounts on the books of the lumber company, but the accounts are separate. understood that was your question before.

Examiner Burchmore: You are incorporated under the Louisian

law as a railroad common carrier?

Mr. Beardsley: Yes, sir.

Examiner Burchmore: Has this railroad paid any dividends?

Mr. Beardsley: No.

Examiner Burchmore: Is it losing or making money?

Mr. Beardsley: Losing money.

Examiner Burchmore: Has it consistently lost money from the beginning?

Mr. Beardsley: I think it has. 2452

Examiner Burchmore: Lost money, as far as being a ra road company is concerned?

Mr. Beardsley: Yes. Examiner Burchmore: Have you any contract with the Cotto

Belt respecting rates and divisions? Mr. Beardsley: Not to my knowledge.

Examiner Burchmore: But you have a contract with the Cotto Belt respecting the track that connects your mill with the right

Mr. Beardsley: I am not positive.

Examiner Burchmore: Will you look into that on your return and advise the Commission if you have one?

Mr. Beardsley: Yes, sir.

Examiner Burchmore: You need not send a copy, but simp

Mr. Beardsley: That is, the spur track from the mill?

Examiner Burchmore: The spur track from the mill to the Co ton Belt line.

Mr. Beardsley: And address the secretary at Washington? Examiner Burchmore: Yes. Mr. Ziebold, will you furnish a map

of this railroad?

Mr. Ziebold: The witness has a map with him.

Mr. Beardsley: This map only covers the road running 2453 into Antrim.

Examiner Burchmore: Will you complete that map and send us

that map?

Mr. Beardsley: I would prefer to send you a complete map. Examiner Burchmore: That is all I desire to ask at this time.

Mr. Zeibold: When you referred to the fact that you did not know whether the line would be taken up and the line discontinued after the timber was cut out, because of the probable prospects of other traffic, owing to the supposed oil in that territory, you meant that you believe you have oil on your holdings, and in that vicinity, and if it should be discovered and developed, there would spring up communities and settlements and produce traffic other than timber; is that what you meant?

Mr. Beardsley: Yes, sir.

Mr. Ziebold: Consequently you could not say at this time what disposition is to be made of the line after the timber is cut out?

Mr. Beardsley: No. sir.

Mr. Ziebold: When you say you keep your accounts separately you mean you keep them on the books of the lumber 2454 company but in such a manner throughout that the business of the lumber company and the railroad company are entirely separate and all details of each can be ascertained at any time?

Mr. Beardsley: Yes, sir. We have a special book prepared for it. It is a special combination journal, which provides for the accounts

Mr. Ziebold: Are you desirous of complying with whatever reguof the railroad company. lations you have not complied with, so far as it is practicable and possible for you to do so?

Mr. Beardsley: Yes, sir, very anxious.
Mr. Ziebold: That is all.
Mr. Cowan: Have you any oil wells on your land?

Mr. Beardsley: No, sir, not now.

Mr. Cowan: One of the tap lines has a prospective diamond proposition on their land. Have you got anything of that sort on yours?

Mr. Beardsley: We do not think ours is a wild cat scheme, because there is oil right across the river.

Mr. Cowan: Well, there are diamonds right up in Arkansas.

Mr. Ziebold: Black?

Mr. Cowan: Does the Louisiana Commission recognize this 2455 as a railroad?

Mr. Beardsley: I believe they do.

Mr. Cowan: Can you name any track that has iron or steel rails on it that the Louisiana Commission does not recognize?

Mr. Beardsley: Any track?

Mr. Cowan: es, do you know of any place where there are some rails and ties that the Louisiana Commission does not recognize it as a railroad?

Mr. Beardsley: No, sir, I do not.

Mr. Cowan: Where is this railroad projected to; is it Rocky Mount or Mountain?

Mr. Beardsley: Mount, is the name.

Mr. Cowan: Is there a prospect of an extension of this road?

Mr. Beardsley: No.

Mr. Cowan: Thank you. You are the only one I have heard of. What divisions did the road get previous to the time that it incorporated?

Mr. Beardsley: I cannot answer that question. I am not posted

n it.

2456 Mr. Cowan: Well, you answered the Examiner that it got some division.

Mr. Beardsley: I know it did, but I do not know how much.
Mr. Cowan: But it did not get divisions as a railroad, did it?

Mr. Beardsley: I presume it did.

Mr. Cowan: It was not a railroad corporation before it was incorporated.

Mr. Beardsley: Well, I understand lots of them got it that were

not incorporated at that time.

Mr. Cowan: The fact is they got it the same way that the rebating business went on all over the country; the division was paid to the lumber company as there was no railroad to pay it to?

Mr. Beardsley: I do not know.

Examiner Burchmore: I would not ask the witness as to that.

Mr. Cowan: I want to protect him. The statute of limitations has run, I guess. Well, your railroad company itself could not have got any divisions, as you had no incorporation.

Mr. Beardsley: We had a railroad company, but it was not in-

corporated.

Mr. Cowan: Who composed the company?

2457 Mr. Beardsley: Well, it was then owned by the lumber Company.

Examiner Burchmore: May I say this, I suppose you know, Judge Cowan, but I understand from another hearing that we had here that previous to the incorporation of some of these railroads the main connecting line used to pay allowances to them and paid these allowances however, not in the name of the lumber company but to the railroad company by name, although it was not incorporated, and the railroad simply endorsed the checks to the lumber company which owned it, and the railroad itself, having no corporate existence, the lumber company got the money. Now, at the present time if the money does pass from the railroad corporation to the lumber company owners, it passes indirectly through stock ownershop. But the reason they incorporated many of these companies, as you perhaps know, was the supposed intimation from the Commission that incorporation was necessary.

Mr. Cowan: I understand that to be the case, but my understand-

ing does not become evidence in the record.

Examiner Burchmore: I think this statement will make it evidence in the record in connection with your question.

Mr. Cowan: Your lumber company kept no separate books for the railroad company before it was incorporated?

Examiner Burchmore: It does not today, Judge Cowan: 2458 I do not believe I would bring it up further.

Mr. Cowan: Separate accounts, he said.

Mr. Beardsley: I presume it did, but I cannot answer positively.

It was before my time.

Mr. Cowan: Do you keep an account in your books to show the operating statistics, for example, the train miles, car miles and tonnage, the statistics as to operating, as to amount of tonnage handled over different divisions of your road?

Mr. Beardsley: We do not keep all these items you have mentioned in the books, but we can ascertain them from the facts we

have on the books.

Mr. Cowan: Is it not a fact the only books you keep are for the purpose of showing the amount of divisions the railroad company pays?

Mr. Beardsley: No, you are mistaken about that. I can show you every item of expense or receipts that the railroad has got, re-

gardless of divisions.

Examiner Burchmore: I think this road is rather fully covered,

and I would not ask any further questions.

Mr. Cowan: I have no further questions. I only asked that in view of the fact he stated the Louisiana Commission 2459 recognized it as a railroad.

(Witness excused.)

Mr. Ziebold: Are we expected to send a statement of tonnage and revenue? There seems to be a general understanding as to that?

Examiner Burchmore: You may have that right. Mr. Ziebold: Showing the revenue and expenditures?

Examiner Burchmore: Yes.

Mr. Ziebold: At this point I desire to state for the purposes of the record, that this company is an incorporated company under the railroad corporation laws of Louisiana, and believes itself to be a common carrier, and as such entitled to divisions allowed common carriers. But we desire the Commission also to have in view for its consideration in passing on the status, rights and obligations of this company the provisions of the Interstate Commerce Law, as contained in section 15, which provides that where the owner directly or indirectly renders any service in connection with transportation that he or they are entitled to reasonable allowance for that service,

which may be fixed, so that if we should be denied recognition at this time because of some deficiency as a common car-2460 rier, we expect to have our rights considered under section 15,

because then the owner is participating in the service, and transporting the product under the milling in transit principle that has been in existence. I wish that to be a part of the record.

Wilmar & Saline Valley Railway. 2461

A. W. Judd, was called as a witness and having been duly sworn. testified as follows:

Examiner Burchmore: I understand, Mr. Judd, that the Wilman

& Saline Valley is controlled by the Gates Lumber Company through ownership of a majority of the capital stock and that the officers of the two companies are practically identical. Are those statements correct?

Mr. Judd: They are.

Examiner Burchmore: Are the stockholders of the two companies the same, or what differences are there in stockholders?

Mr. Judd: They are the same titles but they are different stock-

holders.

Examiner Burchmore: The line of this railroad connects with the St. Louis, Iron Mountain & Southern at Wilmar, Arkansas?

Mr. Judd: Yes, sir,

Examiner Burchmore: From what point in what direction does it extend and for what distance?

Mr. Judd: Due south for twelve miles.

Examiner Burchmore: Any branch lines?

2462 Mr. Judd: The company has a branch line from the main line where we incorporated about fifteen miles.

Examiner Burchmore: Those branch lines are owned by the lumber company, however?
Mr. Judd: Yes, sir, by the Gates Lumber Company.

Examiner Burchmore: But the main line of the railroad would not be worth very much if it did not have those feeders?

Mr. Judd: Well, it was worth considerable at that time when it was incorporated; all our lumber was on that line then.

Examiner Burchmore: But at the present time those feeders are absolutely essential to the existence of this railroad?

Mr. Judd: Probably so.

Examiner Burchmore: I have here a letter addressed by you apparently to the statistician of the Commission in 1910 answering his inquiry as to the location of Godwin, Arkansas, which he says was not on any map he was able to obtain. Now Godwin, I understand is the southern terminus of your line.

Mr. Judd: Yes, sir.

Examiner Burchmore: Is there any settlement there?

Mr. Judd: Yes, sir. 2463

Examiner Burchmore: How much of a town?

Mr. Judd: There are probably 30 or 40 people.

Examiner Burchmore: Those are all lumber company employees. are they not?

Mr. Judd: No.

Examiner Burchmore: Is not that a company town?

Mr. Judd: Well, it is a company town but they are not all company employees who live there.

Examiner Burchmore: Your company has a commissary there?

Mr. Judd: No.

Examiner Burchmore: I mean the lumber company has?

Mr. Judd: No.

Examiner Burchmore: Are there any stores there?

Mr. Judd: No.

Examiner Burchmore: Where do they get their provisions and supplies?

Mr. Judd: At Wilmar.

Examiner Burchmore: Do you have a company store at Wilmar?

Mr. Judd: No.

2464

Examiner Burchmore: Then this lumber company does

not furnish supplies and so forth to its employees?

Mr. Judd: No, sir.

Examiner Burchmore: The mill of the Gates Lumber Company is located at what point?

Mr. Judd: Wilmar, Arkansas.

Examiner Burchmore: It is at the junction with the Iron Mountain?

Mr. Judd: Yes, sir.

Examiner Burchmore: And the lumber manufactured at that mill is loaded into cars standing on the Iron Mountain rails?

Mr. Judd: Yes, sir.

Examiner Burchmore: In other words the Wilmar & Saline Valley Railroad performs no service of transportation in connection with the movement of lumber out of the mill but only on logs into the mill?

Mr. Judd: No, they do some work for the lumber itself.

Examiner Burchmore: What is that work?

Mr. Judd: Just at present the railroad company does a lot of that work.

Examiner Burchmore: What work?

Mr. Judd: The Iron Mountain only gives you a freight 2465 train about twice a week, and we take our engine around there and place empty cars and take the loaded out.

Examiner Burchmore: Where do you get the empty cars?

Mr. Judd: Off the Iron Mountain track. Examiner Burchmore: Where do you put the loaded cars?

Mr. Judd: What we call a passing track up to the station, to the house track.

Examiner Burchmore: What switching distance is that?

Mr. Judd: Probably two thousand feet or more.

Examiner Burchmore: You move the empty cars about two thousand feet and the loaded cars about two thousand feet?

Mr. Judd: Yes, sir: not all the time.

Examiner Burchmore: You only do that in extraordinary times when the Iron Mountain is too busy to do it?

Mr. Judd: When they cannot do it, they are not too busy but they

have not motive power to do it.

Examiner Burchmore: The engines are not powerful enough?

Mr. Judd: Yes, sir; that is what I mean.

Examiner Burchmore: Is there a heavy grade?

Mr. Judd: No, sir; but they are on a strike and they are in pretty bad shape.

Examiner Burchmore: Then it is the temporary disability 2466 of the Iron Mountain that forces you to perform this service?

Mr. Judd: Not altogether. We do it the whole year round. There is a grade about a quarter of a mile east from us and if they bring a heavy load from Warren they will leave some on our track and we go around there and clean up the track so we can do some work.

Examiner Burchmore: When was this mill opened for operation?
Mr. Judd: I think twenty-one years ago. It was before my time.
Examiner Burchmore: When was the railroad construction begun?

Mr. Judd: I am not positive; I think it was ten or eleven years

ago.

Examiner Burchmore: Originally it was not incorporated?

Mr. Judd: Yes, sir; this was.

Examiner Burchmore: When was the railroad incorporated?

Mr. Judd: I think it was in 1902.

Examiner Burchmore: The same time it was built?

Mr. Judd: Yes, sir. I can explain by saying we were logging north and now we are logging south.

Examiner Burchmore: Then you moved the railroad?

Mr. Judd; Yes, sir; not this railroad but the Gates Lumber Company at that time was milling north.

Examiner Burchmore: The Gates Lumber Company owned that

railroad running north?

Mr. Judd: Yes, sir.

Examiner Burchmore: When was the road running south constructed?

Mr. Judd: I think ten years ago; I am not positive.

Examiner Burchmore: When was the railroad corporation organized?

Mr. Judd: I think in 1902; I am not positive, it was before my time.

Examiner Burchmore: At the same time the railroad was constructed?

Mr. Judd: Practically so, I suppose; I am not positive.

Examiner Burchmore: Was any other traffic in sight at that time excepting logs moving to the Gates Lumber Company?

Mr. Judd: No, I do not think there was.

2468 Examiner Burchmore: This road was constructed primarily for the purpose of enabling the Gates Lumber Company to get its logs into its mill?

Mr. Judd: Yes, sir.

Examiner Burchmore: In other words to serve the same purpose that the former line running northward had served?

Mr. Judd: I think that is correct.

Examiner Burchmore: What is the capital stock of this road?

Mr. Judd: \$50,000.

Examiner Burchmore: Does that represent the cost of constructing the road and the equipment?

Mr. Judd: I think it was supposed to be the cost of the road. That was before my time.

Examiner Burchmore: Any bonds?

Mr. Judd: No.

Examiner Burchmore: Any other indebtedness?

Mr. Judd: No.

Examiner Burchmore: What has the road cost to build, have you any figures?

Mr. Judd: I have not. The superintendent handles that. Examiner Burchmore: Is he here this morning?

Mr. Judd: No. Examiner Burchmore: Has there been any other witness resent for your company?

Mr. Judd: No, sir. Examiner Burchmore: You file an annual report with the Intertate Commerce Commission?

Mr. Judd: Yes, sir.

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Examiner Burchmore: That report shows the cost of road and equipment?

Mr. Judd: Yes, sir.

Examiner Burchmore: Is it your opinion it is about \$50,000, shown in that report?

Mr. Judd: I know the capital stock is \$50,000.

Examiner Burchmore: I mean the cost of the road. Was it in excess of \$50,000?

Mr. Judd: I could not say. I do not know.

Examiner Burchmore: Have they paid for any additions and betterments in recent years out of their net earnings?

Mr. Judd: Yes, sir. Examiner Burchmore: That is the disposition of the surplus that has been made from time to time?

Mr. Judd: To some extent, yes, sir.

Examiner Burchmore: This is a standard gauge line? 2470 Mr. Judd: Yes, sir.

Examiner Burchmore: How many locomotives have you?

Mr. Judd: Four.

Examiner Burchmore: Do you own all those locomotives?

Mr. Judd: They are leased from the lumber company. Examiner Burchmore: You lease all four of them?

Mr. Judd: Yes, sir.

2471

Examiner Burchmore: What do you pay for those locomotives? Mr. Judd: I could not say, I don't know.

Examiner Burchmore: You have not any idea? Mr. Judd: I have not. No, I don't think there is any charge for it though. I do not think there is any charge for the lease.

Examiner Burchmore: You have some freight cars?

Mr. Judd: No, no freight cars.

Examiner Burchmore: You lease some freight cars?

Mr. Judd: Regular box cars?

Examiner Burchmore: I mean any kind of ears.

Mr. Judd: We have logging cars.

Examiner Burchmore: How many logging cars do you own?

Mr. Judd: None. They are leased. Examiner Burchmore: You lease about sixty?

Mr. Judd: Sixty. We have sixty-six cars altogether. Examiner Burchmore: What other cars have you besides the log

ging cars? Mr. Judd: Two tank cars and four flat cars.

Examiner Burchmore: All the equipment is owned by the lumber company?

Mr. Judd: Yes.

Examiner Burchmore: How long has that been true? Mr. Judd: It has been true since we were incorporated.

Examiner Burchmore: Did vou not inform the Examiner of the Commission or did not some officer of your company inform the Examiner of the Commission in the summer of 1909 when he was going over this property that the locomotives and cars were owned by the railroad?

Mr. Judd: I had thought of that—I was not there when the representative was there, but I think they were put in as locomotives of

the railroad company. If that is true it was a mistake.

Examiner Burchmore: I would suggest that in the future you rectify mistakes of that kind, because our records ought to be correct. I suppose the annual reports are correct?

2472 Mr. Judd: Yes, sir.

Examiner Burchmore: What is the character of the construction of this road, does it run uphill and down dale like the one we were talking of the other day?

Mr. Judd: In some places it is quite hilly. In some places it is

very fine track.

Examiner Burchmore: You have fills and cuts?

Mr. Judd: Yes, sir and some bridges.

Examiner Burchmore: Pretty well built?

Mr. Judd: The Iron Mountain people sax it is a better track than they have.

Examiner Burchmore: How many track crews have you?

Mr. Judd: We have two on the incorporated part.

Examiner Burchmore: How many on the unincorporated part?

Mr. Judd: Two.

Examiner Burchmore: Those gangs do not interchange work, part on one part and part on the other?

Mr. Judd: No.

Examiner Burchmore: Any station agents?
Mr. Judd: We have a joint agent at Wilmar.
Examiner Burchmore: No other agent?

2473 * Mr. Judd: No.

Examiner Burchmore: Any station buildings?

Mr. Judd: No.

Examiner Burchmore: Do you pay a part of the station expense at Wilmar?

Mr. Judd: We pay half of the agent's salary.

Examiner Burchmore: How many train crews has the railroad company?

Mr. Judd: One.

Examiner Burchmore: One train crew for four locomotives?

Mr. Judd: One of them is idle practically all the time and two working in the woods.

Examiner Burchmore: Those two that work in the woods you said were leased from the lumber company by the railroad company?

Mr. Judd: That is true.

Examiner Burchmore: If they are leased from the lumber com-

pany by the railroad company one would think that the railroad was operating that.

Mr. Judd: Well, that is not correct.

Examiner Burchmore: Then you did not mean to say that four were leased?

Mr. Judd: No.

2474

Examiner Burchmore: But two are leased?

Mr. Judd: By the railroad company direct, yes, sir. Examiner Burchmore: Does the lumber company lease its locomo-

tives? Mr. Judd: No, they own them.

Examiner Burchmore: And they operate them?

Mr. Judd: Yes, sir, and they operate them.

Examiner Burchmore: Have you any other salaried employees than the ones I have mentioned?

Mr. Judd: No, sir.

Examiner Burchmore: Who performs the clerical work in the general offices of the railroad?

Mr. Judd: I do to some extent and the bookkeeper for the Gates

Lumber Company.

Examiner Burchmore: Does the lumber company reimburse that bookkeeper?

Mr. Judd: No, sir.

Examiner Burchmore: Does it pay the lumber company anything for his services?

Mr. Judd: No.

Examiner Burchmore: That is a gratuitous service?

Mr. Judd: Yes, sir. 2475

Examiner Burchmore: Any passenger service?

Mr. Judd: No.

Examiner Burchmore: You are incorporated as a freight carrier exclusively? Mr. Judd: Freight carrier exclusively.

Examiner Burchmore: How many freight trains do you run each way? Mr. Judd: Two each way a day.

Examiner Burchmore: Any logging trains beside those? Mr. Judd: No. Examiner Burchmore: How many cars in each train?

Mr. Judd: Twenty, supposed to be twenty. Examiner Burchmore: What is your tonnage for the past fiscal year?

Mr. Judd: About, if I remember right, 71,000 tons.

Examiner Burchmore: That was less than the previous year?

Mr. Judd: I could not say, I don't remember. Examiner Burchmore: How much of that was logs?

Mr. Judd: About ninety per cent.

Examiner Burchmore: What was the rest of it?

Mr. Judd: Well, there were some stave bolts, some finished

lumber and supplies to the shore out there.

Examiner Burchmore: As a matter of fact more than 95 per cent of it was logs, is not that the fact?

Mr. Judd: I could not say; I am just guessing at 90 per cent. Examiner Burchmore: In the fiscal year 1908, for example, it seems you had a total tonnage of 78,998 tons, that is about correct?

Mr. Judd: I think so.

Examiner Burchmore: That entire tonnage is reported to have been supplied by the Gates Lumber Company. Has this foreign tonnage or public tonnage as I might describe it, grown up since 1908?

Mr. Judd: Oh, yes; yes, sir.

Examiner Burchmore: In the last year or so?

Mr. Judd: Yes, sir; I can explain that probably in this way, that after the end of our incorporated track we have changed and are going due east instead of due south now, and are going through a very fine farming country.

Examiner Burchmore: You took up a part of your trade? Mr. Judd: Yes, sir, and we are going east now 15 miles from

Godwin, instead of due south 8 miles.

Examiner Burchmore: What was the extent of your ton-

2477 nage in agricultural products last year?

Mr. Judd: Last year it was very light because we had just finished the road and were not running over it.

Examiner Burchmore: How much do you say it will be this year?

Mr. Judd: That is a hard thing to estimate.

Examiner Burchmore: As much as three carloads?

Mr. Judd: Yes, sir; more than that. We have application now for three cars of cotton seed. It will be a great deal more than that.

Examiner Burchmore: You have no lumber tonnage. Mr. Judd: I don't understand what you mean by that. Examiner Burchmore: You handle logs but no lumber?

Mr. Judd: We handle lumber from the mills direct to the farming district?

Examiner Burchmore: Small quantities? Mr. Judd: Small quantities, yes, sir.

Examiner Burchmore: Do you have any local freight rates, or do you use the Arkansas scale?

Mr. Judd: We use the Arkansas Court House tariff or classification.

Examiner Burchmore: Do you file any tariffs with the 2478 Interstate Commerce Commission?

Mr. Judd: On lumber, yes, sir. Examiner Burchmore: Not on other traffic?

Mr. Judd: No.

Examiner Burchmore: Do you have joint through class rates with the Iron Mountain?

Mr. Judd: You mean on classes?

Examiner Burchmore: Yes.

Mr. Judd: Nothing but just on lumber.

Examiner Burchmore: Are there any stations along your line at which lumber originates?

Mr. Judd: No, sir.

Examiner Burchmore: You have joint rates published from Wilmar on your line to interstate destinations reached by the Iron Mountain?

Mr. Judd: On lumber, yes, sir.

Examiner Burchmore: Do you have joint through rates from any other originating point?

Mr. Judd: No.

Examiner Burchmore: Those rates are the same as the local rates of the Iron Mountain; there is no arbitrary added in the case of shipments from your line?

Mr. Judd: From Wilmar? 2479 Examiner Burchmore: Yes.

Mr. Judd: No, not from Wilmar. Examiner Burchmore: What division do you receive on that

traffic? Mr. Judd: Two cents.

Examiner Burchmore: On all traffic? Mr. Judd: No, not on all traffic.

Examiner Burchmore: On all lumber traffic? Mr. Judd: On lumber billed from Godwin.

Examiner Burchmore: Then your rates do reach back to God-

Mr. Judd: Oh, yes; all our lumber shipments originating from Godwin or from the Wilmar & Saline Valley.

Examiner Burchmore: Then you have a milling in transit rate?

Mr. Judd: Yes, sir. Examiner Burchmore: None of your lumber is billed as originating from Wilmar?

Mr. Judd: Yes, sir; lots of it.

Examiner Burchmore: What is that? Mr. Judd: To all Arkansas points.

Examiner Burchmore: That is lumber on which you do 2480 not get a division of the rate?

Mr. Judd: Yes, sir.

Examiner Burchmore: So there is no object in billing it back to Godwin. Now is two cents the highest division?

Mr. Judd: Yes, sir. Examiner Burchmore: You are sure about that?

Mr. Judd: Yes, sir.

Examiner Burchmore: You formerly received a higher division? Mr. Judd: No, sir, not that I know of. You probably have reference to four cents, but we do not get four cents. On eastern shipments the division shows four cents, but the freight bills come back overcharged two cents.

Examiner Burchmore: What is the meaning of that?

Mr. Judd: I don't know: It was done before I ever came in there; so we really get two cents.

Examiner Burchmore: That is all you actually get in cash, two cents?

Mr. Judd: Yes, sir.

Examiner Burchmore: Don't you think probably the Iron

Mountain has probably overcharged you two cents on that 2481 lumber?

Mr. Judd: Well, we watch that pretty close.

Examiner Burchmore: I think the division sheets of the Commission today show four cents and on some traffic is it not a fact there is a two cent arbitrary added to the Iron Mountain's rate?

Mr. Judd: I don't understand what you mean by that.

Examiner Burchmore: Well, whatever the explanation is, you say as a matter of fact you never got more than two cents?

Mr. Judd: Two cents is all we get.

Examiner Burchmore: If that is so, how did the Examiner learn when we examined your property and questioned your officials that

you received four cents on Eastern traffic?

Mr. Judd: That is what I just remarked, the division sheet shows four cents, but those freight bills on eastern shipments come back overcharged two cents, and while we get four cents back from the Iron Mountain, nevertheless we are overcharged two cents, so it only makes two cents net.

Examiner Burchmore: Do those shippers put in a claim for the

overcharge?

2482 Mr. Judd: No, we do.

Examiner Burchmore: You say you keep rather close Why didn't you see the matter through and watch of those things. learn the satisfactory explanation for the overcharge of two cents?

Mr. Judd: There wasn't any reason for that. That was established before I went there, and the way they wanted it, and it was satisfactory to me.

Examiner Burchmore: How much does the Gates Lumber Com-

pany pay for getting its logs to the mill?

Mr. Judd: I don't believe—it doesn't pay anything. Examiner Burchmore: It does not pay anything?

Mr. Judd: They pay for the service of the Wilmar & Saline Valley employees and train crews.

Examiner Burchmore: Is there any billing accompanying the logs into the mills?

Mr. Judd: No.

2483

Examiner Burchmore: Who issues the bill of lading on the outbound lumber?

Mr. Judd: The Wilmar & Saline Valley.

Examiner Burchmore: That bill shows the point of origin as Godwin?

Mr. Judd: Yes, sir.

Examiner Burchmore: Do you issue any waybills?

Mr. Judd: The joint agent does that.

Examiner Burchmore: Does that through waybill read over the Wilmar & Saline Valley or do you hand it over to the Iron Mountain or transfer billing?

Mr. Judd: It reads from the Wilmar & Saline Valley.

Examiner Burchmore: So it shows two connecting carriers? With the junction at Wilmar?

Mr. Judd: Yes, sir.

Examiner Burchmore: Are the proportions shown on that waybill?

Mr. Judd: No.

Examiner Burchmore: That is all arranged through interline ettlement?

Mr. Judd: Through interline settlement.

Examiner Burchmore: Then I suppose that the divisions on the outbound lumber pay for the transportation of the logs into the mill?

Mr. Judd: Supposed to.

Examiner Burchmore: Well, as a matter of fact they do, because your road is operated at a profit? 2484

Mr. Judd: Yes, sir.

Examiner Burchmore: Do you file tariffs with the Interstate Commerce Commission?

Mr. Judd: Yes, sir.

Examiner Burchmore: You endeavor to comply with all the regulations of the Interstate Commerce law I presume?

Mr. Judd: In every respect.

Examiner Burchmore: The same is true of state regulations?

Mr. Judd: Yes.

Examiner Burchmore: Your road is recognized in Arkansas as a common carrier railroad?

Mr. Judd: Yes, sir.

Examiner Burchmore: Have the courts ever recognized you?

Mr. Judd: Do you mean in a suit?

Examiner Burchmore: In any law suit.

Mr. Judd: No, sir, never had any.

Examiner Burchmore: Never have been sued for damages by an employee who was injured on the train?

Mr. Judd: No, sir.

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Examiner Burchmore: The Gates Lumber Company operates its own private side track?

Mr. Judd: At the mill, do you mean?

Examiner Burchmore: Now, I was speaking of up in the woods?

Mr. Judd: Yes, sir.

Examiner Burchmore: Then the locomotive that that company operates hauls the logs to the junction with the main line of the railroad?

Mr. Judd: Yes, sir.

Examiner Burchmore: Then the engine of the Wilmar & Saline Valley hauls the logs the rest of the way to the mill?

Mr. Judd: Yes, sir.

Examiner Burchmore: Then the Wilmer & Saline Valley does not go off its rails to the wood?

Mr. Judd: No, except on pay days.

Examiner Burchmore: Then it goes as a pay train?

Mr. Judd: No, we use it to take us to where the men are with the money.

Examiner Burchmore: Just as a convenience? Mr. Judd: Just as a convenience; yes, sir.

Examiner Burchmore: The two companies have the same pay master?

2486 Mr. Judd: Yes, sir.

Examiner Burchmore: Do you keep your books separate from the books of the lumber company?

Mr. Judd: Yes, sir.

Examiner Burchmore: Have a separate set of books?

Mr. Judd: Yes, sir.

Examiner Burchmore: Is the cash of the two companies mingled in the same bank?

Mr. Judd: Yes, sir.

Examiner Burchmore: Does the railroad company issue any checks?

Mr. Judd: No.

Examiner Burchmore: The lumber company issues checks for them?

Mr. Judd: Yes, sir.

Examiner Burchmore: Do you keep your accounts in accordance with the system prescribed by the Interstate Commerce Commission?

Mr. Judd: Yes, sir; in every respect.

Examiner Burchmore: What dividends have you paid as a rail-road company?

Mr. Judd: Do you mean the amount?

2487 Examiner Burchmore: Yes, in the whole history of the road.

Mr. Judd: I am not prepared to answer that. I don't remember. Examiner Burchmore: Well, you pay dividends?

Mr. Judd: Yes, sir; we pay them to the stockholders of the rail-

Examiner Burchmore: Is that a substantial dividend?

Mr. Judd: Pretty fair, I think; yes, sir; I do not remember the

Examiner Burchmore: I have not the figures here for 1910, and I am not sure whether these are the 1909 or 1908 figures that I have, but I am inclined to think they are for 1909. At any rate I will read them:

Total operating revenue on traffic supplied by the controlling interest was \$38,719.11; there was no other source of revenue. \$38,719.11 as against \$13,846.68 operating expenses, leaving a net revenue of \$24,872.43. Have you made as much money as that this year?

Mr. Judd: I could not say: I have not got the figures. I don't know.

Examiner Burchmore: Well, your operating ratio seems to be rather low, \$38,000 of revenue as against \$13,000 of expenses. Are not your earnings very great for this road?

Mr. Judd: That would appear they were. The superintendent handles those figures and I am not qualified to answer.

Examiner Burchmore: Is he here?

Mr. Judd: No, sir.

Examiner Burchmore: I suppose you will see a copy of this testimony. If you find those figures are radically wrong I want you to correct them.

Mr. Judd: I will be glad to.

Examiner Burchmore: Of course we can verify them from our records, but I read them so that counsel will have an idea what they are. You paid a ten or fifteen per cent dividend this year?

Mr. Judd: I could not say about that. The superintendent

handles that and I don't know.

Examiner Burchmore: But you understand the dividends are substantial?

Mr. Judd: Yes, sir; they are, I admit that.

Examiner Burchmore: Stock in this railroad company is desirable from an investment standpoint?

Mr. Judd: Well, it ought to be.

2489 Examiner Burchmore: Are there any other mills on the line?

Mr. Judd: No.

Mr. Jeffery: About that four cents, was it not a matter of fact that you published a two cent local rate from the mill point so that the net division was really two cents; in other words at one time you got your two cents that you charged yourself back, plus the two cent division allowed on the milling in transit tariff?

Mr. Judd: I am not qualified to state, because all that was done

before I came there.

Mr. Jeffery: When did you come?

Mr. Judd: I have been working there quite a while but only three years since I had charge of these things or any connection with it.

Mr. Jeffery: My inclination is he has got a four cent division.
Mr. Judd: No, we do not. We get a two cent division net.

Examiner Burchmore: We will look into it and if the division sheets are not filed with the Commission the carriers will be requested to file them.

2490 Mr. Judd: The division sheet shows four cents I think. I

have asked our Mr. Gates about that several times.

Examiner Burchmore: Suppose you ask your Mr. Gates to look into that and write the Commission and inform us, how you seem to have been cheated out of two cents.

Mr. Judd: I know that.

Mr. Jeffery: Find out whether it is an over charge or an under divide.

Mr. Judd: It must have been an under divide.

Mr. Cowan: The information gathered by an examination of the books of the so-called railway company show you had a total tonnage of 79,898 tons; that is the report your company made to the Examiners of the Interstate Commerce Commission.

Mr. Judd: For the fiscal year ending June 30th?

Mr. Cowan: 1909 I suppose.

Mr. Judd: It was 71,000 tons and some odd.

Mr. Cowan: This revenue you received, \$38,719, which you could

not get except by a division of the rate, you had no other source of revenue, and that does not figure out two cents. That figures more money. Now there is something wrong about it. The tonnage is not right or the amount of the division you have named.

2491 call your attention to it in order that you may correct it and show where the error is. Now, I want to ask you this question: what I mean is, if you multiply the tonnage by the two cents it does not account for the money you got.

Mr. Judd: I understand that. Your idea is to have me look into

it and verify it?

Mr. Andrews: Have your Mr. Gates look into it.

Mr. Judd: I will be glad to do that.

Mr. Cowan: Is there any reason why you should not get four cents if other lumber companies get four cents divisions?

Mr. Judd: No good reason why we should not. I think we should

if the rest of them are getting it.

Mr. Cowan: Your notion is it would be undue discrimination to give you two cents and another man under similar circumstances four cents?

Mr. Judd: Yes, sir; although I do not know that they are getting

four cents.

Mr. Cowan: And it would be a still further discrimination to give another man none and give you two?

Mr. Judd: Well, I could not say, it would depend on what

2492 he has got.

Mr. Cowan: If they gave another man five or six cents and only gave you two cents that would be a discrimination?

Mr. Judd: Not necessarily?

Mr. Cowan: And would you not feel the effect of it in the ultimate operation of your business enterprise? It would necessarily be reflected in the business enterprise as a whole if one man got five cents out of the rate and another man got none.

Mr. Judd: No, I don't think so. I think conditions vary in dif-

farent places

Mr. Cowan: But I said under similar circumstances and conditions,

Mr. Judd: I am not qualified to say about that.

Mr. Cowan: That is, a man logging his mill on the Rock Island gets five cents per hundred pounds division and you are logging your mill on the Iron Mountain and by the same means, by one of these so-called railroad companies, and you get two cents. Do you think that is fair between you and him as a business proposition?

Mr. Judd: Well, I have always been kind of learned to be content with what I had, regardless of what the other fellow

2493 got.

Mr. Cowan: I did not ask you what you were content with.
but would it be fair as a business proposition?

Mr. Judd: It would be fair to me.

Mr. Cowan: It would be?

Mr. Judd: Yes, sir.

Mr. Cowan: To give you two cents and the other man five?

Mr. Judd: If he had occasion to get it; yes, sir. Mr. Cowan: To the victor then belongs the spoils?

Mr. Judd: Evidently, yes, sir.

Mr. Garwood: I think that is a line of examination that is going to keep us.

Mr. Cowan: 1 am through. You need not take any time arguing. Mr. Garwood: Then you should have finished before you started.

Mr. Andrews: The Gates Lumber Company is the company that is identical in interest with the railroad company as stated. Is there any other interest in the lumber business or railroad business con-

trolled or owned by the people or the corporation who own

2494 and control the Gates Lumber Company?

Mr. Judd: No.

Mr. Andrews: It is not connected with any other interests by a community of stock ownership or otherwise?

Mr. Judd: No.

Examiner Burchmore: Have you any other statement you desire to make?

Mr. Judd: No, I believe not.

Examiner Burchmore: Has there been any material change in the methods and practices of your company and its manner of doing business in the last year or two?

Mr. Judd: No, sir. Examiner Burchmore: Then a report rendered to the Commissioner by an Examiner who went over the property a year or two ago would be as accurate today, omitting unessential details as it would then?

Mr. Judd: I think it would except as the spur track was changed. The map of the railroad would be entirely different, that is the spur

part of it.

Examiner Burchmore: Will you furnish the Commission a map of your line such as has been requested of other companies?

Mr. Judd: Yes, sir. 2495

Examiner Burchmore: And a statement of the tonnage. You have heard those requests?

Mr. Judd: Yes, sir, I will be glad to.

(Witness excused.)

Examiner Burchmore: The Salem Winona & Southern Railroad. Mr. Garwood: The Washington & Choctaw is represented by Mr. J. G. Burlingame, vice-president and general manager. It is situated in the state of Alabama, connecting with the Mobile & Ohio, just above Mobile. It wishes to be made a party to the record and to enter its appearance.

Examiner Burchmore: With whom do they connect?

Mr. Garwood: The Mobile & Ohio. Examiner Burchmore: East of the river?

Mr. Garwood: East of the river.

Examiner Burchmore: All right, but I am afraid we cannot hear them this week.

Mr. Garwood: He hardly expects that, but he wishes to enter his appearance and be made a party to the proceeding.

Examiner Burchmore: But he is not present ready for hear-

ing?

2496 Mr. Garwood: Yes, he is here and if you reach him in due

order he will be prepared to put on his case.

Mr. Riddell: Mr. White will be prepared to testify to all matters concerning the Salem, Winona & Southern with the exception of the division arrangement and tonnage movement and way billing of freight, and handling of the freight. It will be necessary for me to

give that testimony.

Mr. Jeffery: Before going into an examination of this particular tap line I wish to state that a day or so ago I asked permission of the Commission on behalf of Mr. Brandeis of the Louisville & Nashville Railroad Company to file a brief in this investigation. At his request at that time I asked permission to file a brief on his behalf if the other carriers in the case filed briefs. I have a telegram now in which he asks me to ask the Commission for leave to file a brief irrespective of the action of the other carriers. He is not present and his road is not a party to the action, and I would like to file this telegram.

Examiner Burchmore: It will be filed and the request laid before the Commission: I might say, however, that I am not aware that the

Commission have made any order or announcement in respect to briefs in the case, but when such an order is made Mr. Brandeis will be remembered.

(The telegram was received and thereupon marked filed December 16, 1910, and is attached hereto.)

2498 Salem, Winona & Southen Railroad.

J. B. White, was called as a witness, and having been duly sworn, testified as follows:

Examiner Gutheim: Your name?

Mr. White: J. B. White.

Examiner Gutheim: You live where? Mr. White: Kansas City, Missouri.

Examiner Gutheim: Your occupation is what?

Mr. White: My chief occupation is that of a lumber man.

Examiner Gutheim: You have some connection with the Salem, Winona & Southern Railway Company?

Mr. White: Yes, sir.

Examiner Gutheim: What is your official relation to that company?

Mr. White: President of the company.

Examiner Gutheim: Have you a map of that railroad which we can have in evidence?

Mr. White: I have a Rand-McNally map showing the road. Examiner Gutheim: Well, as a matter of fact the Salem, Winona & Southern Railroad begins at a point in the State of Missouri known as Horse Hollow, and runs south to a point known as Winona Junc-

tion?

Mr. White: It begins at Winona Junction and runs north 2499 to Angelina or Horse Hollow, that was the native name, but the Post Office there is Angelina, and it is on the map as Angelina. Examiner Gutheim: What connections have you with the road,

the Salem, Winona & Southern?

Mr. White: The Frisco at Winona.

Examiner Gutheim: At Winona or Winona Junction?

Mr. White: At Winona.

Examiner Gutheim: Do you operate with the motive power of the Salem, Winona & Southern Railway over any portion of the Frisco line east or west of Winona?

Mr. White: A little over two miles between Winona and Winona

Junction.

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Examiner Gutheim: Have you in the past operated farther east than Winona over the Frisco?

Mr. White: Yes, sir, we had a mill at Grandin and an unchartered road. Examiner Gutheim: The operations at Grandin have now entirely

—. As a saw mill town it his entirely ceased and we are not lum-

bering there any more.

Examiner Gutheim: What communities are there on the line of the Salem. Winona & Southern between Winona and Horse Hollow?

Mr. White: Do you mean what towns?

Examiner Gutheim: Yes. Mr. White: The town of West Eminence, which is a mile and a half from the county seat, is the principal town; and we have stations at two points between West Eminence and Winona Junction, which are Buckhart and Delaware.

Examiner Gutheim: Are there any communities of any consider-

able size at those two points?

Mr. White: It is a farming settlement. At Delaware we ship cattle and we have a yard there and a cattle and stock chute. Examiner Gutheim: What is there at West Eminence?

Mr. White: At West Eminence there is theh saw mill of the Missouri Lumber & Mining Company and the commissary of the Missouri Lumber & Mining Company and two other mercantile establishments belonging to other people.

Examiner Gutheim: What is the name of the county seat that

you say is one and one-half miles from West Eminence?

Mr. White: It is Eminence.

Examiner Gutheim: Has it any railroad serving it with the Salem, Winona & Southern through West Eminence?

Mr. White: That is all.

Examiner Gutheim: Is this road from Winona to Horse Hollow owned by the Salem, Winona & Southern Railway corporation?

Mr. White: No, it is rented from the Missouri Lumber & Mining Company.

Examiner Gutheim: Is the equipment that operates over that

road in the name of the Salem, Winona & Southern also owned by the Missouri Lumber & Mining Company?

Mr. White: It is owned by the Missouri Lumber & Mining Com-

pany and rented by the railroad company.

Examiner Gutheim: How long is the line of railroad that is leased?

Mr. White: Twenty miles, a little over twenty miles.

Examiner Gutheim: And that is from Winona to Horse Hollow? Mr. White: That is from Winona Junction to Horse Hollow.

Examiner Gutheim: How much equipment is operated by the Salem, Winona & Southern and leased from the Missouri Lumber & Mining Company?

2502 Mr. White: Two locomotives, two box cars, fifty flat cars, two coaches and one caboose.

Examiner Gutheim: Are the fifty flat cars, flat cars of the ordinary type or logging cars?

Mr. White: They are flat cars of the ordinary type equipped

with air brakes.

Examiner Gutheim: But used practically solely in the logging operations for the Missouri Lumber & Mining Company?

Mr. White: No, they are not used at all for the Missouri Lumber

& Mining Company.

Examiner Gutheim: What consideration is paid by the Salem, Winona & Southern Railroad to the Missouri Lumber & Mining Company for the lease of the approximately twenty miles of railroad and the equipment you have mentioned?

Mr. White: \$1,000 a month.

Examiner Gutheim: Upon what basis is that rental arrived at?

Mr. White: About eight per cent upon the value of the property,
the cost of the road.

Examiner Gutheim: Are there any other lumber or mining operations that are served by the Salem, Winona & Southern Railroad with the exception of the Missouri Lumber & Mining Company and which produce a considerable proportion

of its traffic?

Mr. White: There is one mill that cuts about 20,000 feet a day and that is between Horse Hollow and West Eminence. Then there is a smaller mill that is located from two or three miles from Horse Hollow and the lumber is hauled into Horse Hollow.

Mr. Riddell: I have here a letter addressed to me by the general superintendent of the Salem, Winona & Southern giving a list of the names and addresses of all the shippers of various products served by the railroad company. It might be well to file that.

Examiner Burchmore: Is that list correct?

Mr. Riddell: It certainly must be.

Mr. White: Yes, sir.

(The paper so offered and identified was received in evidence and thereupon marked Salem, Winona & Southern Exhibit 1, Witness White, received in evidence December 16, 1910 and is attached hereto.)

Examiner Gutheim: The two mills you have mentioned are

absolutely independent of the control of the Missouri Lumber & Mining Company?

Mr. White: Yes, sir.

Examiner Gutheim: What is the relation between the Missouri umber & Mining Company and the Salem, Winona & Southern Railroad Company?

Mr. White: No relation except practically the same stockholders n the Lumber Company own stock in the Salem, Winona & South-

rn Railroad Company.

Examiner Gutheim: Just what stockholders, if any, are there in he railroad company who are not stockholders in the lumber com-

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Mr. White: There are perhaps only two, and they only own a small amount of stock, simply as directors; but the same amount of tock is not owned, that is, the same relative amount; for instance, one of our stockholders has twice as much stock in the railroad company as he has in the lumber company. He is quite a large tockholder.

Examiner Gutheim: From your description of the property I ake it the Salem, Winona & Southern Railroad corporation does

not own any railroad property whatever?

Mr. White: No, it does not.

Examiner Gutheim: And the valuation of the property upon which you pay a rental of one thousand dollars per month must be \$150,000? 2505

Mr. White: Yes, sir.

Examiner Gutheim: The road was constructed for the Missouri Lumber & Mining Company?

Mr. White: Yes. Examiner Gutheim: Was it constructed contemporaneously with the erection of the West Eminence mill or prior thereto in connection with the operation of the old mill at Grandin?

Mr. White: It was constructed prior to the construction of the

building of the mill at West Eminence.

Examiner Gutheim: Had it been used prior to that time in connection with the lumber operations serving the mill at Grandin?

Mr. White: Yes, sir.

Examiner Gutheim: North of Horse Hollow-

Mr. White: Perhaps I should qualify that statement by saying not as a railroad, not as a common carrier.

Examiner Gutheim: But merely as an incident to the lumbering

operations?

Mr. White: Yes, sir.

Examiner Gutheim: North of Horse Hollow are there any 2506 railroad operations at the present time that connect with the Salem, Winona & Southern?

Mr. White: Nothing excepting the tram road of the Missouri

Lumber & Mining Company.

Examiner Gutheim: And that tram road is not operated in any way that might be termed a common carrier operation?

Mr. White: No, it is not.

Examiner Gutheim: Going back into the ancient history of the

company, at the time the mill operated at Grandin your logging was done north and west of Grandin on the Frisco and up on this track that is now the Salem, Winona & Southern into the woods that are still being cut over by the Missouri Lumber & Mining Company north of Horse Hollow?

Mr. White: No. Prior to the building of that road into Shannon County we operated at Grandin and north and west of Grandin on the main line of the Current River Railroad by a contract made

in 1886.

Examiner Gutheim: Did that contract provide for the operation of that piece of track by the Missouri Lumber & Mining Company alone or did it give you merely a trackage right for certain

2507 purposes?

Mr. White: It gave us a trackage right in common with all other mills on that road. The Ozark Land & Lumber Company and the Cords-Fisher Lumber Company, all had trackage rights on that road.

Examiner Gutheim: Was the trackage right restricted to certain class of service. Were you permitted to haul anything other than

logs and cars to be used in hauling logs?

Mr. White: We were permitted to haul logs and to haul food and equipment and anything that went into use for the hauling of logs. Examiner Gutheim: And what consideration was paid by the Missouri Lumber & Mining Company for the trackage privilege?

Mr. White: The same consideration as they granted all other mills, and was the consideration whereby the railroad company agreed to build a railroad to Grandin, Missouri and have it finished by a certain time, providing we would build a mill and have it finished by a certain time, a mill of a certain capacity that would be capable of giving them fifteen million feet of lumber each

2508 Examiner Gutheim: That mill's production, were you required under the contract, under the trackage privilege to

give any portion of the output to the Frisco?

Mr. White: Only such proportion to the Frisco as came from the

logs we hauled over their road.

Examiner Gutheim: In other words, you guaranteed the Frisco a certain percent of the tonnage that came out of the logs hauled from over their road under the trackage privilege?

Mr. White: Yes, sir; that is right.

Examiner Gutheim: Was there any agreement as to the rates the Missouri Lumber & Mining Company was to pay out of Grandin?

Mr. White: The contract stated that the Missouri Lumber & Mining Company should have the same rates as any other mill along the line; that the rate should not exceed a certain sum, and that it should have in all respects the same rates as the most favored competitor.

Examiner Gutheim: What was the reason for the separate incorporation of the particular piece of track from Winona to Horse

Hollow about 1908 as a common carrier corporation?

Mr. White: Do you mean why did we build from the junction two miles from—

Examiner Gutheim: No, why did you incorporate the road, or that piece of track separately as the Salem, Winona & Southern?

Mr. White: Well, it was because we considered the matter and we were informed—the Missouri Lumber & Mining Company was informed by the railroad that they could not under the law give the divisions to the railroad which was unincorporated or to the Missouri Lumber & Mining Company through its unincorporated railroad, and then they cancelled our divisions, and then we were entirely cut out at Grandin, and the question was whether we should build a mill at West Eminence in Shannon County—

Mr. Riddell: Did not they also notify you that they could not continue this trackage privilege over their line with a lumber com-

pany?

Mr. White: Yes, sir, they also informed us they could not con-

tinue the trackage agreement.

Examiner Burchmore: That seems to be a sufficient explanation

for the purposes of this record.

Examiner Gutheim: After the discontinuance of the operation at Grandin was the mill dismantled and moved to the place now known as West Eminence?

Mr. White: Yes, sir, a great portion of it.

Examiner Gutheim: Was that property moved by the power of the Salem, Winona & Southern or the Missouri Lumber & Mining Company over the line of the Frisco from Grandin to Winona Junction under the trackage agreement that you had?

Mr. White: Yes, under that trackage agreement.

Examiner Gutheim: As a matter of fact the trackage agreement you said provided only for the hauling of logs and logging camp supplies?

Mr. White: Yes, sir, and the machinery, of course, and I did not add that, but anything pertaining to the successful operation of

our mills was permitted.

Examiner Gutheim: That is to say it was the understanding of your company that that old contract that was made back in 1887 contemplated that when that Grandin mill should be moved, if ever, you had the privilege of carrying that mill machinery over the line of the Frisco under those trackage rights as far as you desired?

Mr. White: I do not think it was contemplated, I do not think we intended to move the mill at the time it was made.

2511 Examiner Gutheim: But it was contemplated that the definition of the commodities that you were permitted to carry under that trackage agreement should take in mill machinery?

Mr. White: Yes, sir, it was contemplated that everything that was necessary to the successful prosecution of our lumber business at Grandin, between that and the forest, between the town of Grandin and the forest, we would be permitted to run our own logging trains over and carry our own material, and we carried lumber for our camps and——

Examiner Burchmore: Is it not a fact when any large mills are opened up in this southern pine territory that it is the custom or has been the custom of the railroads running south from Chicago.

for example, to put in special commodity rates to cover the movement of sawmill machinery and other supplies of that nature.

Mr. White: I think that is true.

Examiner Burchmore: I have observed a great many tariffs of that nature and ask whether that is not the fact.

Mr. White: Yes, sir. Mr. Riddell would be familiar with the

tariff arrangements.

Mr. Riddell: Well, that was the custom more or less general, I think, when some of the mills in which Mr. White is interested in Louisiana were built seven or eight years ago.

special rates were made on all the equipment of those mills. I wanted to ask whether this was of any importance, the movement of this tonnage from Grandin to West Eminence? It was strictly within the State, and I do not think any question ought to be raised as to its being regular.

Examiner Burchmore: Well, it has a general relation to the whole nature of that trackage agreement and arrangement. Have you any

further questions along that line?

Examiner Gutheim: No, I had about finished on it.

Examiner Burchmore: It seems to me it is pertinent to this inquiry, although it may not be directly involved.

Mr. Riddell: Of course, it is understood that trackage agreement

is no longer in existence east of Winona.

Examiner Gutheim: Yes, that is understood. The entire track of the Salem, Winona & Southern and the Missouri Lumber & Mining Company is of standard gauge?

Mr. White: It is.

Examiner Gutheim: That portion which is operated entirely by the Salem, Winona & Southern between Horse Hollow and Winona is about what weight of rails?

2513 Mr. White: It is chiefly—I think it all 56 pound.

Examiner Gutheim: Have you any station buildings along the line from Winona to Horse Hollow?

Mr. White: Yes.

Examiner Gutheim: At any place with the exception of West Eminence.

Mr. White: No station building for the accommodation of passengers except at West Eminence. At Horse Hollow the passengers occupy or use the store where tickets are sold at one end of the store.

Examiner Gutheim: About how many men have you in the rail-road operation—that is, how many road crews have you?

Mr. White: We have three.

Examiner Gutheim: How many men in them?

Mr. White: I think 15.

Examiner Gutheim: State generally about how many employés in the transportation service?

Mr. White: I do not know whether I have that statement here. Have you got it, Mr. Riddell? It would be enough, anyhow, to equip two trains, and then an agent at West Eminence and

2514. a joint agent with the Frisco at Winona, and then our auditor and ticket agent.

Examiner Gutheim: Is your general office work all done at West Eminence?

Mr. White: The general office work, the transportation, we have

an office in Kansas City for the general traffic manager.

Examiner Gutheim: But is the general office work at West Eminence done by employés who are solely railroad employés or joint employés?

Mr. White: Some of it is solely railroad employés.

Examiner Gutheim: Are the joint employes paid by the railroad company and a portion of the wages charged to the lumber com-

pany, or the other way round?

Mr. White: The Salem, Winona & Southern hired its own bookkeeper, and I am not sure whether any portion of the auditor's salary is charged to the Missouri Lumber & Mining Company, but I am under the impression that the auditor does some work for the Missouri Lumber & Mining Company, but most of his work is for the railroad company.

Examiner Gutheim: What train service is operated by the Salem,

Winona & Southern, how many trains a day?

Mr. White: Two trains each way. Examiner Gutheim: Is passenger service taken care of in 2515 those trains?

Mr. White: Passenger service is well taken care of.

Examiner Gutheim: Do you handle any United States mail or express?

Mr. White: We handle United States mail.

Examiner Gutheim: You have no express contracts?

Mr. White: We have no express contracts.

Examiner Gutheim: Can you say what your total tonnage was in your last fiscal year, or if you have not been operating there a year, since you began operations, and how much was handled before the Missouri Lumber & Mining Company.

Mr. White: Yes, sir: Mr. Riddell, our traffic manager, will state

it. I don't know whether he has been sworn yet.

(J. B. RIDDELL was then duly sworn.)

Mr. Riddell: The general tonnage for the last fiscal year was 64.572 tons. That was comprised of 56,107 tons of forest products. and 8,465 tons of other freight. The Missouri Lumber & Mining Company contributed 53,301 tons of the forest products and the other interests 2,806 tons, and the Missouri Lumber & Mining Company contributed 5,310 tons of other freight than forest prod-

ucts, and other interests contributed 3,155 tons. Would you 2516

like the revenue also?

Examiner Gutheim: Yes. Mr. Riddell: The total revenue was \$54,074.20, made up as follows: Forest products of the Missouri Lumber & Mining Company, \$30,290,17; forest products outside interests, \$1,408,93. freight of Missouri Lumber & Mining Company \$14,036.37. Other freight of outside interests \$8,338.73. I would like to say at this point in explanation that this other freight of the Missouri Lumber & Mining Company, \$14,036.37 is materially in excess of what the figures will be next year, or perhaps for several years to come by reason of the fact that the Salem, Winona & Southern charged for the transportation of all of the machinery and lumber and construction material of all kinds that entered into the building of the sawmill and planing mill at West Eminence, as well as all of the other buildings that go to make up that town. Excepting that tonnage, the freight other than forest products handled for outside interests exceeded that handled for account of the Missouri Lumber & Mining Company.

Examiner Burchmore: But for that year about \$44,000 of the revenue came from the controlling interests, and about \$9,000 out-

side?

Mr. Riddell: Approximately.

Mr. Andrews: Could you state that in per cent; have you worked it out?

Examiner Burchmore: It is about 20 per cent.

Mr. Riddell: I have not worked out the percentage, but it is in

Examiner Burchmore: Does that answer the request that has been made of the other companies?

Mr. Riddell: Yes.

(The statement so offered and identified, was received in evidence and thereupon marked Salem, Winona & Southern Exhibit No. 2, Witness Riddell, received in evidence December 16th, 1910, and is attached hereto.)

Examiner Gutheim: While you were operating the mill at Grandin, did the Frisco take the product of the mill right at that point? Mr. White: Yes, sir. They took it at the station at their own sidings at Grandin.

Examiner Gutheim: Did the Missouri Lumber & Mining Company have to perform any actual service in getting that mill product to their siding?

Mr. White: Yes, sir, we owned— Examiner Gutheim: How much of a haul? 2518

Mr. White: Well, it was not over-for our rough lumber. the way our tracks run, we would have to haul the rough lumber a mile, nearly a mile and a half. Our dressed lumber, the tracks connecting with our shed from the planing mill, it was not perhaps over a few hundred feet, 500 or 1000 feet.

Examiner Gutheim: In the operation of the new mill at West Eminence do you have to haul milled products down to Winona

Junction for delivery to the Frisco?

Mr. White: The Salem, Winona & Southern?

Examiner Gutheim: Yes.

Mr. White: No, the Salem, Winona & Southern Railroad takes our product at the mill at West Eminence and hauls it to Winona Junction or down to Winona.

Examiner Gutheim: And there the Frisco gets it?

Mr. White: The Frisco gets it at Winona.

Examiner Gutheim: How much of a haul is it from West Emi-

nence to the point of interchange with the Frisco at Winona, approximately?

Mr. White: Something over 15 miles. Mr. Riddell: I think it is 15.77. Mr. White: Yes, sir.

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Examiner Gutheim: At the time of the operation at Grandin say for the last year you were at Grandin, about what was the average haul on the logs that were worked up in the mill?

Mr. White: The last year at Grandin we hauled our logs from

West Eminence, and I think hauled them about 50 miles.

Examiner Gutheim: The log haul I suppose has been constantly increasing from the time that the Grandin mill had been erected?

Mr. White: Yes, sir.

Examiner Gutheim: That in part was the reason for the continuance of the mill at Grandin and the removal to West Eminence. Mr. White: Yes, sir. It was not the reason we moved to West

Eminence, but it was the reason we quit Grandin.

Examiner Gutheim: About what is the average haul on your logs to the West Eminence mill at the present time?

Mr. White: I think that is an average of about 12 or 15 miles.

an average of 12 miles, I will say.

Examiner Gutheim: Is the operation of the railroad north of Horse Hollow entirely at the expense of the Missouri Lumber &

Mining Company?

Mr. White: The operation of the logging roads to Horse 2520Hollow from West Eminence is entirely at the expense of the Missiouri Lumber & Mining Company. The Salem, Winona & Southern Railroad Company rents that portion between West Eminence and Horse Hollow, nearly 6 miles, for the use of their business, the railroad business, taking supplies up into that country for the Missouri Lumber & Mining Company's stores and for other stores, and lumber.

Examiner Gutheim: You mean that the Salem, Winona & Southern permits the Missouri Lumber & Mining Company to use the

tracks between West Eminence and Horse Hollow?

Mr. White: It is different-

Mr. Riddell: The Salem, Winona & Southern is incorporated as a common carrier between West Eminence and Winona Junction, and this portion of the track between West Eminence and Horse Hollow is simply rented from the Missouri Lumber & Mining Company.

Mr. White: That is right.

Examiner Gutheim: Then I am to understand that the track operated by the lumber company begins at West Eminence and not at

Horse Hollow? Mr. White: Yes, sir. 2521Mr. Andrews: I understood you to say that all the line you operated as a railroad was leased from the Missouri Lumber & Mining Company.

Mr. White: It is.

Mr. Andrews: I did not so understand the question asked of you, and I wanted to clear up the confusion.

Mr. White: The Salem, Winona & Southern as incorporated has the exclusive right to the road from West Eminence to the Frisco, some 15.7 miles. Then they rent five or six miles more of the lumber company to Horse Hollow.

Examiner Gutheim: Is the railroad operation a profitable opera-

Examiner Burchmore: May I interrupt. I think we shall call the Shreveport, Houston & Gulf. Are you ready?
Mr. Walter: We are ready.

Examiner Burchmore: There will be no other cases called until two o'clock.

Mr. White: It is a very profitable operation as a railroad, but largely due to the fact that we have had an unusual amount of freight in hauling machinery in and supplies for the new plant at West Eminence during the past year closed June 30th. It

will not be as much next year or this year.

Examiner Gutheim: That is all.

Mr. Riddell: I do not know whether you stated, but I would like to get you to state whether or not the agent at West Eminence devotes his entire time to the affairs of the railroad, and gets all his compensation from the railroad?

Mr. White: He does.

Mr. Riddell: You stated that you maintained a stock pen and chute at Delaware, and I would like to ask whether or not you do not maintain one at West Eminence?

Mr. White: Yes, sir.

Mr. Riddell: And you actually use them in the shipment of live

Mr. White: Yes, sir.

Mr. Riddell: Do you have any track scales for the weighing of carload freight?

Mr. White: We do. I should add that we also have shipped two

carloads of sheep from Horse Hollow in the last year.

Mr. Riddle: The Salem, Winona & Southern Railroad does not handle logs for the Missouri Lumber & Mining Company?

Mr. White: No, not any logs.

Mr. Riddell: Your trains are operated on a regular published schedule, are they not?
Mr. White: Yes, sir.

Mr. Riddell: You have a time card and it is posted?

Mr. White: Yes.

Mr. Riddell: You have tickets on sale?

Mr. White: Yes.

Mr. Riddell: Both at Winona and West Eminence? Mr. White: Yes, sir.

Mr. Riddell: In the interchange of the cars with the Frisco you are governed by the per diem rules, are you not?

Mr. White: Yes, sir.

Mr. Riddell: And in your relations with the shippers along your line, the Car Service Rules apply, do they not?

Mr. White: They do.

Mr. Riddell: This town of Eminence which is adjacent to Wes

Eminence, that is the county seat of Shannon County, is a town of several hundred population?

Mr. White: Yes, sir.

Mr. Riddell: It has stores and banks, one or more?

Mr. White: It has four or five good stores, and a bank, and it has a large hotel and the usual accommodations for a good town Mr. Riddell: Not quite as large as the Grunewald? 2524

Mr. White: No, but it is built on the same plan; it is very

extensive; it is built out of concrete and-Mr. Riddell All that community are dependent solely on the Salem, Winona & Southern as a means of transportation of persons and property?

Mr. White: Yes, sir.
Mr. Riddell: Did you seek a mail contract with the government, or did the government make a demand on you to handle the mail?

Mr. White: Our road did not seek the contract. Mr. Riddell: That is what I am asking you.

Mr. White: No, the railroad did not.

Mr Riddell: The first overtures were made by the government.

Mr. White: Made by the people in a petition, I think-

Mr. Riddell: I was only speaking of your relation to the government.

Mr. White: No we did not seek it.

Mr. Riddell: Is the line betwen West Eminence and the junction of the Frisco through the lands owned by the Missouri Lumber & Mining Company.

Mr. White: The line between West Eminence and the Frisco for 13.7 miles is owned by other people. The Missouri 2525 Lumber & Mining Company never owned but one quarter section of 160 acres.

Mr. Piddell: These are not exclusive passenger trains, but are

mixed trains?

Mr. White: Yes, sir.

Mr. Riddell: They are identical with the Frisco, I believe.

Mr. White: Yes, sir.

Mr. Riddell: The only difference being that in that section the Frisco only runs one train and you run two?

Mr. White: Yes, sir.

Mr. Riddell: Is the country along this line to its northern terminus susceptible of agricultural pursuits?

Mr. White: Yes, sir, it is.

Mr. Riddell: Is it being developed at all or any emigration into the territory along your line?

Mr. White: I see that the Emigration Commissioner published that there were 300 emigrants the past year into Shannon County. Mr. Riddell: How long a cut has the mill of the Missouri Lumber

& Mining Company?

Mr. White: Only five years. 2526

Mr. Riddell: Can you say how the volume of timber owned by the Missouri Mining & Lumber Company in this territory north of West Eminence compares with other interests?

Mr. White: We own about not more than one-fifth of the timber in that territory.

Mr. Riddell: Not more than twenty per cent?

Mr. White: Not more than 20 per cent. There are other companies which own a g-eat deal more than we have. One company has 85,000 acres, while we only have 50,000 acres.

Mr. Riddell: When this timber of the Missouri Lumber & Mining Company is exhausted and the mill ceases to operate, this railroad will have to extend or in some other way find additional tonnage?

Mr. White: That is the intention, yes.

Mr. Riddell: The original intention, I believe, was not to take the road to Hot Springs, but up to somewhere near Salem?

Mr. White: That is the intention.

Mr. Riddell: I think there was a plan on foot at one time to couple up with the road of the Ozark Land & Lumber Company which runs south about 25 miles south of Winona?

Mr. White Yes, sir, we tried to accomplish that.

2527 Examiner Burchmore: I understand you contemplated building across to reach the Frisco?

M. White: The Frisco and Salem. The Frisco Road runs through Salem to St. Louis, and then it also has a branch south of us, and we contemplate building and connecting up the Salem Road.

Examiner Burchmore: What advantage would accrue to you con-

necting with the Frisco at Salem?

Mr. White: The development of the coal and iron mines. There are a great many iron mines in Shannon County and a great deal of timber in Shannon County, and then the country is being developed by farmers and they need a railroad.

Examiner Burchmore: Has the Frisco held out any inducements

to you in the shape of divisions to connect with their line?

Mr. White: We expect to get divisions. The road is getting divisions, but they held out no further inducements.

Examiner Burchmore: It is not anticipated that the result of a connection with the Frisco would be an increase in divisions?

Mr. White: No.

Mr. Riddell: I do not think that has been discussed at all.

2528 Mr. White: No, it has not been discussed at all.

Mr. Riddell: Is it your belief there is a necessity for a railroad in that country?

Mr. White: Yes, sir, and we were encouraged to build the railroad.
Mr. Riddell: I believe you have some figures showing the earnings
of the road. Will you please state how much they earned the last fiscal year on passengers?

Mr. White: The passenger revenue for the year ending June 30th,

\$5,282.29.

Mr. Riddell: How much from mail?

Mr. White: \$822.86.

Mr. Riddell: Would it be a reasonably safe assumption that the bulk of those people traveled between Winona and West Eminence?
Mr. White: The bulk of the people traveled between there and

West Eminence, but they are getting off at Delaware, and Buckhart

and all stations

Mr. Riddell: I only asked that to get at some idea of the number of passengers. We have that information filed, but I believe the rate between Winona and West Eminence is about 60 cents. It is based on four cents,

2529 Examiner Burchmore: Your report to the Commission

shows the number of passenger miles.

Mr. Riddell: We did not have it before us here. You know, I believe, of the fact that it is contended by the intervenors in this case that the allowance of divisions gives an advantage to the mill served by roads who get those divisions and enables those mills to sell lumber at cheaper delivered prices than other people, and that they are actually used for that purpose. You know of that contention.

Mr. White: Yes, sir, I know that has been stated.

Mr. Riddell: In addition to being the President of this railroad you are general manager, are you not, of the Missouri Lumber & Land Exchange Company?

Mr. White: Yes, sir.

Mr. Riddell: And that I understand to be a selling agency handling the output of the Missouri Lumber & Mining Company, the Ozark Land & Lumber Company, the Louisiana Central Lumber Company, and the Louisiana Long Leaf Lumber Company?

Mr. White: That is right.

Mr. Riddell: No one interest owns or controls all those 2530 various lumber companies?

Mr. White: No.

Mr. Riddell: For instance, there is no stockholder in the Ozark Land & Lumber Company who owns any stock in the Missouri Lumber & Mining Company?

Mr. White: None.

Mr. Riddell: And no stockholders in the Missouri Lumber & Mining Company that owns any in the Ozark Company?

Mr. White: No.

Examiner Burchmore: Does one company own the other?

Mr. White: No.

Mr. Riddell: The principal interest in the Ozark Land & Lumber Company does not own any stock in any of the other companies?

Mr. White: No.

Mr. Riddell: And the principal interest in the Louisiana Central Lumber Company does not own stock in either the Louisiana Long Leaf Company or the Ozark Land & Lumber Company?

Mr. White: No. none.

Mr. Riddell: As a matter of fact, while some people are interested in most of the companies, there is no one or two or three or four people who control them all?

Mr. White: No.

Mr. Riddell: When a salesman for this Missouri Lumber & Land Exchange Company goes to sell lumber at a point like St. Louis or Chicago or any point east of the Missouri River, as an illustration, he prices that lumber at a figure that includes the carriage to destination or a delivered price, so to speak?

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Mr. White: Yes, sir.

Mr. Riddell: When he sells that lumber he does not know from what mill it is likely to be moved?

Mr. White: He does not.

Mr. Riddell: We will take St. Louis as an illustration or Chicago, as the situation is just the same. If he should sell to a dealer in St. Louis or Chicago some 10 or 12 carloads of lumber at one time, he knows nothing about who will ship that lumber except it will be some mill represented by the Exchange?

Mr. White: That is all.

Mr. Riddell: When that order reaches the office in Kansas City will very probably be distributed as among all these mills in the event that the conditions at the various mills will permit?

2532 Mr. White: That is the plan we follow.

Mr. Riddell: The price has been fixed in advance and each one of these different mills, assuming that that division be made, will get the same delivered price?

Mr. White: Yes, sir.

Mr. Riddell: Out of which it will have to pay the freight rate?

Mr. White: Yes, sir.

Mr. Riddell: Do you know it to be a fact that any part of this lumber that may be shipped from Clarks or Standard on the Iron Mountain would move on a rate out of which the so-called tap line would receive a division of four cents, whereas if it were placed at West Eminence the tap lines would get three cents, and if it went to the T. & P. mill at Victoria the tap line would get two cents, and if it went to Foster on the Kansas City Southern the tap line would get one cent, whereas if it went to Winona the tap line would get nothing.

Mr. White: That is correct.

Mr. White: That is correct. Examiner Burchmore: Are you trying to show that the divisions

are grossly disproportionate to different points?

2533 Mr. Riddell: No. 1 am trying to show that the divisions to the tap line has absolutely nothing to do with the fixing of the price of the lumber so far as the mills represented by the Missouri Lumber & Land Exchange is concerned.

Examiner Burchmore: Suppose that is true, it might be true that the divisions materially affect the prosperity of the mills that receive

them.

Mr. Riddell: I was not dealing with that at all, but only with the delivered price of the lumber.

Examiner Burchmore: Well, that may be so.

Mr. Riddell: It is in our case.

Mr. Andrews: Will you please state the delivered rate at St. Louis from each of the points you have named. You have stated the divisions

Mr. Riddell: Well, from West Eminence it is 11 cents. From Winona 11 cents; from Fisher 18 cents; from Victoria 18 cents, and

from Clarks and Standard 18 cents.

r. Andrews: And from the Ozark Mill?

r. Riddell: I stated that, 11 cents. The rates from Missouri made a differential of 7 cents per 100 pounds under the south, ather the rates from the south are made a differential of 11 cents per 100 pounds over Missouri, from what is known as the Grandin district.

Examiner Gutheim: You spoke of a couple of carloads of

p which you took out of Horse Hollow?

r. White: Yes, sir.

xaminer Gutheim: You are getting more or less of that business

n Horse Hollow all the time?

r. White: No, the stock business is just beginning to be loped. There has been a great deal of work done to develop country. The Governor and his staff were down there, and are trying to get that country settled up in the Ozark region, so they have got some people in there to raising sheep and cattle it is going to be a stock country largely.

xaminer Gutheim: The common carrier operation of the Salem, nona & Southern does not serve Horse Hollow, but only goes

s far as West Eminence?

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lr. White: It serves as far as Horse Hollow.

Examiner Gutheim: I understood you to say that the Salem, iona & Southern did not go as far as Horse Hollow, but from West inence to Horse Hollow was all the Missouri Lumber & Mining

Company's track. Mr. White: It is, and so is all the track. They lease it to

the Salem, Winona & Southern.

xaminer Gutheim: But as I understand it they do not run the ion between West Eminence and Horse Hollow.

Ir. White: But they do, and I so stated. Ir. Riddell: I think the distinction is between leased and incorited. The line is only incorporated up to West Eminence, but it exclusive use of the tracks to West Eminence, but beyond that ents it.

Examiner Gutheim: Have the people in Horse Hollow the right emand the common carrier services beyond West Eminence?

Ar. White: Yes, sir, it is being performed every day.

Examiner Gutheim: West Eminence is the point at which the ling operation of the Missouri Lumber & Mining Company is at ent conducted?

Ar. White: Yes, sir, Examiner Gutheim: You say you have about five years of cut?

dr. White: That is all.

Examiner Gutheim: Is there a written contract that provides for lease of this track from Winona Junction up to West Eminence? 66

Mr. White: Yes, sir, there is,

Examiner Burchmore: Is it filed with the Commission? Mr. White: I do not remember, I think it is, but it is filed with State Commission.

Mr. Riddell We will file it.

Mr. White: We will file it, yes, sir.

Examiner Burchmore: You will file it if it is not already filed?

Mr. White: Yes, sir.

Examiner Gutheim: But the Salem, Winona & Southern as a corporation owns absolutely no railroad property?

Mr. White: No.

Examiner Gutheim: So if it should get out of that country it is not likely it is going to suffer any of the inconvenience that usually attends the cessation of a common carrier operation?

Mr. White: They will not unless they should be forced out by

some unfortunate decision.

Examiner Gutheim: But if they should happen to get out they would not have any property as a railroad?

Mr. White: No, but we expect to make that railroad pay.

Mr. Garwood: Do you ship any lumber to Texas?
Mr. White: No. That is out of our territory.

Mr. Garwood: Do you ship any to New Mexico?

Mr. White: No.

Mr. Garwood: To what extent do you ship to Kansas? Mr. White: Mr. Riddell will know more about that.

Mr. Riddell: We ship quite largely to Kansas. West Eminence is not very far from the Missouri-Kansas State Line.

Mr. Garwood: Where do you ship the greater part of your product

Mr. Riddell: Into the State of Missouri.

Mr. Garwood: It is consumed locally in the state?

Mr. Riddell: Yes, sir, Kansas City and St. Louis are large consuming points, and St. Joseph.

Mr. Garwood: You ship nothing to Texas?

Mr. Riddell: No. Did you want to ask me about the divisions?
Mr. Walter: Could we not now have the captain state the weight of logs?

Mr. Cowan: Weight of logs, lumber, and the method of estimating

the weight and scaling the logs.

Examiner Burchmore: I think we will ascertain that from the forest service, but if he wishes to make a very brief state-

ment he may.

Mr. White: I will make a very brief statement, and it is this, that in Missouri logs running say 15 logs to the thousand will weigh from 7,000 to 10,000 pounds to the thousand. Now I think that is true in the south. It depends on the size of the logs. Logs that will run ten logs to the thousand I judge will weigh from 8500 to 9500, while logs that would run six logs to the thousand feet would only weigh from 7500 to 9000. I should correct my figure. 15 to the thousand run from 9000 to 10,000 pounds. Logs running ten to the thousand will weigh 8500 to 9500 pounds. Logs running six to the thousand will run from 7500 to 9000, and we all know that there are a great many logs that will sink, they are so heavy, that they are heavier than water, and I should judge in some localities five per cent sink as soon as they get into the water.

Examiner Burchmore: The Commission has in connection with

ne of these companies a statement handed to one of our examiners y an operating official of the actual results of weighing logs, and that will be looked up and considered in this connection.

Mr. Cowan: I want to ask a question or two in regard to this common sales agency. What is the name of the company

at is the common sales agent?

Mr. White: It is the Missouri Lumber & Land Exchange Com-

any.

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Mr. Cowan: Is that the same one which sells also for the Longell interests?

Mr. White: No.

Mr. Cowan: There was somebody else here-

Mr. Riddell: That was Mr. Slagle, the owner of one of the Louis-

ma Companies

Mr. Cowan: That is the same common sales agent which was ooken of by Mr. Slagle?

Mr. Riddell: Yes. Mr. Cowan: You sell the lumber at the same price for each one f the mills?

Mr. White. Yes.

Mr. Cowan: And it results-

Mr. White: Well, I should correct that a little. There are some eople who prefer Missouri Lumber because of its being lighter and so sometimes we have a sale and get a little better price for the short leaf finish from Missouri than we can from the 540 south.

Mr. Cowan: What I mean, the same quality of lumber is sold at he same price.

Mr. White: Yes, sir.

Mr. Cowan: And the mills sell the lumber at a delivered price to Kansas City, for example?

Mr. White: Yes, sir.

Mr. Cowan: And at Denver?
Mr. White: Yes, sir. Perhaps I should disabuse your mind as to ow the price is fixed. A salesman is told that he must sell his lumnow the price is fixed. per at the best he can in the market and we place a limit that we annot let him go below. He gets as much above that as he can but t is the same to all mills. The order is divided up among the lifferent mills and some days there are better prices than other days.

Mr. Cowan: And it is a delivered price?

Mr. White: It is a delivered price.

Mr. Cowan: And that price is not based upon the mill price at all? Mr. White: No.

Mr. Cowan: And this company's sales agency has by contract the right to sell the entire output of these mills ex-

ept their local sales?

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Mr. White: They have the right to sell from all of these mills out the mills themselves reserve the right to sell also. But they find it more economical not to put a salesman on the road because we can do it more economically by letting the central office sell the lumber.

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Mr. Cowan: And as a matter of fact your sales agency does sell the output, whether the mills are bound to permit you to do it or not, as a business proposition it is better for them.

Mr. White: They sell most of it, but not all of it. Anybody can go to any of our mills and buy a carload of lumber, any dealer

can.

Mr. Cowan: That is, any dealer can?

Mr. White: Yes, sir.

Mr. Cowan: But that is not the practice?

Mr. White: No.

Mr Cowan. In case they do that does your agency get its commission?

Mr. White: We do.

Mr. Andrews: Just for the purpose of clarifying the his-2542 tory you have given involving some little repetition, that I may not misunderstand the point, the lumber business was organized in 1885, I understood you to say?

Mr. White: Do you mean the incorporation of the Missouri Lum-

ber & Mining Company, our lumber business?

Mr. Andrews: Yes.

Mr. White: It was organized in December, 1880,

Mr. Andrews: And the development of that produced all these railroad tracks you have been testifying about?

Mr. White: Yes, sir.

Mr. Andrews: And in 1908 a railroad company was incorpo-

Mr. White: Yes, sir.

Mr. Andrews: At that time your average lumber haul to the mill at its then location on the Frisco tracks, Winona Junction was that

Mr. White: No, at Grandin, hauling from the forest in Shannon

County to Grandin.

Mr. Andrews: Was what distance?

Mr. White: About 50 miles.

Mr. Andrews: Then I understood you to say since you moved the mill it is about 12 miles? 2543

Mr. White: Yes.

Mr Andrews: What makes that difference?

Mr. White: Because we built a mill closer to the forests and went into another county and built another mill close to the forests.

Mr. Andrews: And now you haul the finished product how far?

Mr. White: After it is made into lumber 15.7 miles.

Mr. Andrews: Now, as a matter of fact it takes about four carloads of logs to make one carload of finished product, does it not,

Mr. White: I expect it does, yes, sir

Mr. Andrews: So that the distance from where the mill is now located to the delivery at the Frisco is one car instead of four transported over your railroad?

Mr. White: Yes.

Mr. Andrews: The lumber company has been operating the rail-

ad company during all of these years as it has grown and devel-

ed substantially like you are operating it now.

Mr. White: We operated another railroad, not this one. This road was never operated years ago. This road has only 44 been built in the last three years.

Mr. Andrews: I do not understand that part. This is

cent construction?

Mr. White: This is recent construction. The lumber company all the railroad. They built a railroad 50 miles southeast in anher county, at a place called Grandin 23 years ago, and that railad has been taken up.

Mr. Riddell: Have you a map there of Missouri? I think I can

plain it. Examiner Burchmore: It seems to me this is wholly in the rec-

d. Mr. Andrews: It may be fully in the record to those who underand the physical situation there, but I have been trying very ard to follow these physical conditions and 1 do not understand em. I am not desiring any unnecessary repetition, but simply to t the facts so the record will reflect to a stranger what they are.

Mr. White: Perhaps I can state it briefly. We incorporated in

ecember, 1880.
Mr. Andrews: The lumber company?

Mr. White: The lumber company, and a year from that time we had a sawmill built and were hauling 10 miles to 545 Mill Springs on the Iron Mountain, that is where we began nuling our lumber 10 miles, with mules. Then we had to shut

own and then we got this operation into Grandin and—— Mr. Andrews: I understood all that, but I did not understand the

hysical conditions.

Mr. Andrews: You have spoken of the development of that couny by emigration. Under the census returns, as a matter of fact, b counties of Missouri, being the rural counties with few exceptions, I showed a decrease in population in the last 10 years, did they

ot? Mr. White: I understood they did. I refer to the Globe Democrat December 6th, in which W. H. Curran, the Commissioner of migration of the State of Missouri, made his report and he shows

bout 300 emigrants into Shannon County last year.

Mr. Andrews: I was not questioning the correctness of your atement, but about the facts as they had existed for the past ten That is the result in the past 10 years in Missouri. ears.

Mr. White: I have not examined it carefully, but I understand in the main that is true. Some counties have lost in popu-

546 lation.

Mr. Andrews: How long has the mail been carried over

his line?

Mr. White: I think it has been about a year.

Mr. Andrews: How long have passengers been carried?

Mr. White: Something over a year. I think we made a previous eport to the Commission a year ago.

Examiner Burchmore: Will you furnish a map of this line of the character requested of other lines?

Mr. Riddell: Yes.

Examiner Burchmore: And also a tonnage statement?

Mr. Riddell: We have furnished that,

Mr. Cowan: One question I wish to ask is whether there are any other lumber companies than the ones mentioned for whom your agency sells the output?

Mr. White: We do not sell for any other company.

Examiner Burchmore: Is this tap line a part of any other system of short line railroads?

Mr. White: No, it is not.

Examiner Burchmore: Mr. Riddell just happens to be traffic manager of several railroads?

Mr. White: He is a traffic manager of severa' roads, three

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different roads, yes.

Mr. Garwood: Do you see any logical connection between the decrease in population in Missouri and the increase in tap line mileage?

Mr. White: No.

Mr. Andrews: I asked that question because from the testimony it seems the only way to develop a country is to build a tap line, and I think in Missouri they had not been holding it down as they ought to.

Mr. White: The trouble is there are very few tap lines in this

country.

Mr. Coleman: Under the method of selling, as you have explained what would be the comparative net price results at the mills, what you call Louisiana Company mill, as against your Ozark mill. having in mind the rates and the divisions to the tap lines?

Mr. White: It would conflict.

Mr. Coleman: The same kind of lumber shipped at the same time at the same delivered price.

Mr. White: Then they would not get as much if they paid more freight, they would not get as much net for their lumber.

Mr. Coleman: What would be the comparative results. Ozark getting nothing, and the Louisiana Company's mill, or its railroad company, getting a division, what would be the comparative results to the respective common owners of the mills and the railroads?

Mr. White: The result as explained to me by the general manager and one of the largest stockholders of that road that belongs to the lumber company, the Ozark Land & Lumber Company, he said he considered he was doing just as well as he would to incorporate his road and abide by the requirements and the expense and liability that he would by incorporating, and therefore he would not incorporate and-

Mr. Coleman: It is your opinion then that the Louisiana Mill would suffer no particular hardship if the divisions were done away

with entirely?

Mr. White: I spoke of their rights as railroads The railroads would suffer if their divisions were taken away.

Mr. Coleman: I would like to put it in another way. Take the same kind of lumber, what is your average weight on lumber, take the mill out from one of these mills.

Mr. White: Say 2600 dry and green maybe it will average

2549 2600.

Mr. Coleman: The railroad serving the Ozark mill gets nothing?

Mr. White: They get nothing because that railroad is owned by

the mill.

Mr. Coleman: What do I understand to be the allowance to the railroad serving the Louisiana Company's mill?

Mr. White: Four cents at Salem, and say to a common point

north of the Ohio and east of the Mississippi four cents.

Mr. Coleman: Then on that business going to those particular markets four cents for 2600 pounds, that would be \$1.04 better mill price that the Louisiana Company would get than the Ozark Company would get.

Mr. White: It would be \$1.04 that the railroad company would

mot.

Mr. Coleman: I am assuming it is common ownership, that the holders and owners of the railroad and the lumber companies, that the Louisiana Company would get \$1.04 more out of the net results of the railroad and the lumber company—

Mr. White: Yet you say that if the Louisiana Lumber Company had a railroad that was getting a division of four cents, and a 2550 man in Missouri or anywhere else had a railroad to the same market that did not get any division, that all conditions being equal that he would be the loser. But if the Louisiana Railroad is a railroad and is entitled to divisions and is going to remain as a railroad, that is a different proposition. It is not the number company.

Mr. Coleman: Well, I take t that there was a common ownership respectively in the two different concerns, that is taking the Louisiana Railway and the mill it serves as one, and the Ozark Company the other, and the question of the difference in mill price is what I

was trying to get at.

Mr. White: Well, my stockholders hold stock in a great many different railroads, trunk lines, some of them

(Witness excused.)

J. B. Riddell was called as a witness, and having been previously sworn, testified as follows:

Examiner Burchmore: Are these rates on a milling in transit basis?

Mr. Riddell: No, not at all. They do not handle the logs.

Examiner Burchmore: Do you have any contracts with other lines of railroads as to divisions?

2551 Mr. Riddell: No. only verbal agreements, no contracts—some are written.

Examiner Burchmore. What is the nature of those written agreements?

Mr. Riddell: They would be division sheets.

Examiner Burchmore: They amount to a division sheet?

Mr. Riddell: That is all.

Examiner Burchmore: What is the range of your divisions?

Mr. Riddell: From one to four cents per 100 pounds.

Examiner Burchmore: Is there any traffic on which you do not get a division?

Mr. Riddell: Yes.

Examiner Burchmore: What?

Mr. Riddell: The traffic handled on the combination of locals. Examiner Burchmore: There are no joint rates out of which you receive nothing?

Mr. Riddell: No, we would not be a party to a rate which we did

not receive divisions on.

Examiner Burchmore: What is your local rate?

Mr. Riddell: I think four cents,

Examiner Burchmore: Is there any traffic on which you receive more than four cents as a division, have you ever received more than four cents?

Mr. Riddell: This company never has. Examiner Burchmore: Its predecessor?

Mr. Riddell: I believe perhaps 12 years ago there was a time when to a limited territory they got five cents. That division would average perhaps two and a half to two and three quarter cents.

Examiner Burchmore: Were the Grandin Mill's rates on a mill-

ing in transit basis?

Mr. Riddell: Yes.

Examiner Burchmore: Then the divisions formerly received also

covered the logs into the mill?

Mr. Riddell: Well, the allowance was based on the handling of the logs in and switching of the manufactured traffic over, as has been explained.

(Witness excused.)

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Shreveport, Houston & Gulf.

L. D. Garrison, was called as a witness and having been duly sworn, testified as follows:

Examiner Burchmore: You are auditor and traffic manager of the Shreveport, Houston & Gulf?

Mr. Garrison: I am.

Examiner Burchmore: Are you an officer employed for any lumber company?

Mr. Garrison: I am an employé of a lumber company, the Carter-

Kelly Lumber Company.

Examiner Burchmore: In what capacity do you serve that lumber company?

Mr. Garrison: Bookkeeper.

Examiner Burchmore: The Shreveport, Houston & Gulf connects with the Texas & New Orleans and the St. Louis, Southern Railway at or near Prestridge, Texas? Mr. Garrison: It does.

Examiner Burchmore: Does it connect with the line of any other common carrier railroad?

Mr. Garrison: No.

Examiner Burchmore: Has it any private tram road connection?

Mr. Garrison: We have a physical connection with the

Carter-Kelly Lumber Company at Manning.

Examiner Burchmore: I understand that the stockholders of the Carter-Kelly Lumber Company and this railroad company are identical.

Mr. Garrison: They are.

Examiner Burchmore: They hold their shares in the two companies in proportion?

Mr. Garrison: Yes, sir.

Examiner Burchmore: I also understand that the officers of the two companies are substantially the same?

Mr. Garrison: There is one difference, in the vice-presidents, Examiner Burchmore: The mill of the Carter-Kelly Lumber Company is located at Manning?

Mr. Garrison: Yes, sir.

Examiner Burchmore: Is that one of the terminii of the line?

Mr. Garrison: Yes, sir. Examiner Burchmore: That is approximately nine miles from the junction with these other roads?

Mr. Garrison: Yes, sir.

Examiner Burchmore: And that junction point is the 2555 other end of the line?

Mr. Garrison: Yes, sir.

Examiner Burchmore: In other words this road runs from the junction to the mill?

Mr. Garrison: Yes.

Examiner Burchmore: When was this mill put into operation? Mr. Garrison: The first shipments were made in February, 1907. Examiner Burchmore: The first shipments were made at that time?

Mr. Garrison: Yes, sir,

Examiner Burchmore: Was that the first cutting that had been done in the mill?

Mr. Garrison: Yes, sir, that was after the completion of the mill

Examiner Burchmore: Then the railroad and mill were con

structed at about the same time? Mr. Garrison: Well, the railroad built its track into Manning

before the saw mill was completed. Examiner Burchmore: The saw mill outfit moved over the

2556 milroad to get to the mill? Mr. Garrison: The machinery did and supplies and ma-

Examiner Burchmore: When was the railroad incorporated? terial.

Mr. Garrison: June 20, 1906

Examiner Burchmore: Before its construction?

Mr. Garrison: Yes, sir.

Examiner Burchmore: What was the capital stock of the railros

Mr. Garrison: \$100,000.

Examiner Burchmore: What is the capital stock of the lumb company?

Mr. Garrison: \$200,000.

Examiner Burchmore: How was the railroad company financed Mr. Garrison: The capital stock authorized was \$100,000, \$50,00 of which was paid in in actual cash.

Examiner Burchmore: By the present stockholders, substa-

tially?

Mr. Garrison: Substantially, ves. sir.

Examiner Burchmore: Did that cash that was paid in for railros stock pass through the treasury or the cashier or treasurer of the lumber company?

2557 Mr. Garrison: It did not.

Examiner Burchmore: Are there any bonds outstanding

Mr. Garrison: There are none.

Examiner Burchmore: Is there any other indebtedness?

Mr. Garrison: We have a bills payable account of \$30,000 right

Examiner Burchmore: What does that represent?

Mr. Garrison: That represents an amount borrowed in part

Examiner Burchmore: Then the road cost to construct about \$80,000.

Mr. Garrison: No.

Examiner Burchmore: Or more than that?

Mr. Garrison: The equipment and construction \$106,000.

Examiner Burchmore: And of that \$50,000 was raised from the sale of capital stock?

Mr. Garrison: Yes, sir.

Examiner Burchmore: And \$30,000 is your present indebtedness to the lumber company-

Mr. Garrison: We do not own the lumber company. Examiner Burchmore: From whom did you borrow it?

Mr. Garrison: We borrowed \$30,000 from W. T. Carte

2558 & Brother? Examiner Burchmore: Well, W. T. Carter & Brother at

the principal owners of this lumber company?

Mr. Garrison: They own stock, yes, sir; but we borrowed the money from W. T. Carter & Brother and not from the lumber

Examiner Burchmore: They are substantially identical with the

Carter-Kelly Lumber Company?

Mr. Garrison: They are interested.

Examiner Bruchmore: Do they not own the majority of th

Mr. Garrison: No. I do not think they are. Examiner Burchmore: You are not sure. They are not the ma jority stockholders?

Mr. Garrison: I do not think they are.

Examiner Burchmore: In addition to this \$50,000 and this \$30,000 you have previously owned some further sum that was put in for construction?

Mr. Garrison: Well, we have paid back quite a little amount on

account.

Examiner Burchmore: What was the total indebtedness? Mr. Garrison: At one time I think we owed about forty or 2559 forty-five thousand dollars.

Examiner Burchmore: And you have paid back fifteen thousand

dollars out of your net revenue?

Mr. Garrison: Substantially that amount.

Examiner Burchmore: Then the operations of the road have been conducted at a profit?

Mr. Garrison: Yes.

Examiner Burchmore: Is that a substantial profit?

Mr. Garrison: It is.

Examiner Burchmore: Has the road paid any dividends?

Mr. Garrison: No.

Examiner Burchmore: It is deferring the payment of any dividends until it has paid its debts?

Mr. Garrison: It did.

Examiner Burchmore: What is the mileage of this line, and is it standard or narrow gauge?

Mr. Garrison: Standard, nine miles.

Examiner Burchmore: And what weight of steel?

Mr. Garrison: 40 Pound steel except one mile which is 56. Examiner Burchmore: Is that nine miles all owned?
Mr. Garrison: Yes.

Examiner Burchmore: In addition to that nine miles you 2560

have some trackage rights?

Mr. Garrison: We have trackage rights over the Cotton Belt, from our junction at Prestridge to Huntington, a distance of about one and three-quarter miles.

Examiner Burchmore: Your contract covering those trackage

rights also provides for the joint use of station facilities?

Mr. Garrison: Yes, sir.

Examiner Burchmore: That is on file with the Commission?

Mr. Garrison: It is on file with the Texas Commission. I do not know whether the Cotton Belt has filed it with the Interstate Commerce Commission or not?

Examiner Burchmore: I understand it is on file. Does it cross

any streams?

Mr. Garrison: Nothing except— Examiner Burchmore: You have not any large bridges?

Mr. Garrison: We have one about 1000 feet long, a trestle, wooden

Examiner Burchmore: Is the road well built or of light non-

substantial construction?

Mr. Garrison: Well built, solid roadbed.

Examiner Burchmore: Any station buildings of your own? Mr. Garrison: We have.

Examiner Burchmore: Mention them.

Mr. Garrison: At our junction with the Cotton Belt and the N. O. at Prestridge we have a joint pagoda with the Cotton and we have another pagoda of our own at a station called Ke which is six miles from Prestridge. At Manning we have a stand depot building in every respects.

Examiner Burchmore: Have you any warehouses or platform

aside from these structures you have just mentioned?

Mr. Garrison: We have our joint facilities you understand Huntington in connection with the Cotton Belt.

Examiner Burchmore: But nothing else?

Mr. Garrison: No.

Examiner Burchmore: Have you any track scales for weigh car load shipments?

Mr. Garrison: We have not at present but they are contempla

right now and I believe will be put in.

Examiner Burchmore: How many locomotives does the road ow Mr. Garrison: Four.

2562 Examiner Burchmore: Passenger cars?

Mr. Garrison: We own one passenger coach and one cobination mail baggage and express car.

Examiner Burchmore: How many freight cars?

Mr. Garrison: We own thirty-two.

Examiner Burchmore: How many of those are logging cars?

Mr. Garrison: None.

Examiner Burchmore: All freight cars?

Mr. Garrison: Yes, sir.

Examiner Burchmore: Do you lease any equipment?

Mr. Garrison: You mean for our own use? Examiner Burchmore: Either as lessor or lessee?

Mr. Garrison: We lease some of that equipment to the Cart

Kelly Lumber Company. Examiner Burchmore: To them?

Mr. Garrison: Yes, sir.

Examiner Burchmore: What does the lumber company leafrom this road?

Mr. Garrison: Three locomotives and thirty-one flat cars.

Examiner Burchmore: What do they pay for the locomotives?

Mr. Garrison: They pay a monthly rental of \$5,292.53.

Examiner Burchmore: What is the basis—per locomotive 2563 Mr. Garrison: No, that is for all the equipment, the locomotives and thirty-one flat cars.

Examiner Burchmore: Is not that rather a modest charge?

Mr. Garrison: We do not think so.

Examiner Burchmore: You heard the other day perhaps the tes mony to the effect that the Rock Island or the Iron Mountain, have forgotten which, charged a certain tap line ten dollars a defor the use of a locomotive without fuel or crew.

Mr. Garrison: We understand that \$8 is a legitimate charge be we figured, when we leased this equipment to Carter-Kelly Corpany a depreciation charge of six per cent and on top of that a state of the corporate of the corporate

per cent interest charge which would practically amount to about twelve per cent on the investment.

Examiner Burchmore: And I suppose these were second hand

locomotives.

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Mr. Garrison: No, sir; one of them was. There were two new locomotives and one second hand.

Examiner Burchmore: Then you think that that is a fair and

reasonable rental for that equipment?

Mr. Garrison: We felt that it was,

Examiner Burchmore: Do you charge the same interest and take account of the same depreciation on the logging cars?

Mr. Garrison: Yes, sir.

Examiner Burchmore: Who keeps these cars and equipment in

Mr. Garrison: The lumber company.

Examiner Burchmore: There is a provision that they will take care of depreciation?

Mr. Garrison: Yes, sir.

Examiner Burchmore: Is that inside or outside of the \$200?

Mr. Garrison: I say they take care of depreciation. There is a fixed rental of this amount, but it does not say anything about depreciation. We took care of that, we used that basis when we fixed the rental charge against the lumber company.

Examiner Burchmore: If you were renting similar equipment from the Cotton Belt system would you consider you were getting

it very cheap if you got it for the same sum?

Mr. Garrison: I should think so.

Examiner Burchmore: You would not think you were paying a very high rental?

Mr. Garrison: No. 2565

Examiner Burchmore: On the other hand would you think you were paying a rather low rental?

Mr. Garrison: I think it is entirely reasonable. Examiner Burchmore: From both points of view?

Mr. Garrison: Yes, sir,

Examiner Burchmore: Does the lumber company own any equipment of its own?

Mr. Garrison: No rolling stock.

Examiner Burchmore: What is the aggregate length of the private

lines of this lumber company? Mr. Garrison: I believe the Carter-Kelly line is about 7 miles

Examiner Burchmore: That is moved from time to time? long now.

Mr. Garrison: Well, that will be the main line; they have just finished constructing the main line and they will build trams out to it from time to time.

Examiner Burchmore: They have not been operating this very

Mr. Garrison: This is a new line. They were operating in another direction.

1044 2566 Mr. Garrison: In the last year. ployed on these rails? Mr. Garrison: One. ing the tracks of the private logging road? Mr. Garrison: No. Mr. Garrison: No. tenance of its own tracks? Mr. Garrison: They do. company? Mr. Garrison: One. that is retained in your service? Mr. Garrison: Yes, sir. 2567 this railroad?

HEARINGS BEFORE INTERSTATE COMMERCE COMM'N,

Examiner Burchmore: It has been changed recently?

Examiner Burchmore: How many track crews are em-

Examiner Burchmore: Do they assist in maintaining and chang-

Examiner Burchmore: Do you have any men do that?

Examiner Burchmore: The lumber company attends to the main-

Examiner Burchmore: How many train crews has the railroad

Examiner Burchmore: And they operate the single locomotive

Examiner Burchmore: The lumber company has three crews? Mr. Garrison: It all depends on their logging operations; some times they do and some times they do not.

Examiner Burchmore: How many employees are there engaged in general office work or supervising the work of

Mr. Garrison: Two.

Examiner Burchmore: Do those men work for the lumber company also?

Mr. Garrison: Yes, sir.

Examiner Burchmore: How are they paid?

Mr. Garrison: They are paid a salary by the railroad company and also by the lumber company.

Examiner Burchmore: Now, does the railroad company actually

hand those men any money?

Mr. Garrison: We voucher them direct.

Examiner Burchmore: The voucher goes through the lumber company?

Mr. Garrison: No.

Examiner Burchmore: Does the railroad company pay the lumber company any sum whatsoever on account of the services rendered by the lumber company's employees?

Mr. Garrison: Not unless it is in the case of an emergency. For instance, if we had a muck on the line and it is necessary to get other section men on some occasions you understand we 2568 would expect to voucher the lumber company for it and

would do it.

Examiner Burchmore: Who are those two men who work for both companies?

Mr. Garrison: The president and general manager and myself.

Examiner Burchmore: That is three.

Mr. Garrison: Well the president and general manager is the same.

Examiner Burchmore: Then there are no clerks employed by both companies?

Mr. Garrison: No.

Examiner Burchmore: Are you paid by the lumber company and the railroad company both?

Mr. Garrison: Yes, sir.

Examiner Burchmore: What proportion of your salary is paid by the railroad company?

Mr. Garrison: You mean what proportion is paid by the lumber

company?

Examiner Burchmore: Well, what proportion is paid by the railroad company?

Mr. Garrison: About two-fifths.

Examiner Burchmore: Do you divide your time rather 2569 evenly between the two companies?

Mr. Garrison: I think so, Well-

Examiner Burchmore: What about the president, what is his salary from the railroad company?

Mr. Garrison: His is a monthly salary.

Examiner Burchmore: What is the amount of the president's salary from the railroad?

Mr. Garrison: \$50 a month.

Examiner Burchmore: He also receives compensation from the lumber company?

Mr. Garrison: He does.

Examiner Burchmore: Does he render any real services for that \$50?

Mr. Garrison: He does.

Examiner Burchmore: You run passenger trains?

Mr. Garrison: We run mixed trains.

Examiner Burchmore: How many mixed trains?

Mr. Garrison: We run double daily service, that is two trains each way.

Examiner Burchmore: Two trains each way?
Mr. Garrison: Yes, sir.

2570 Examiner Burchmore: On a regular time schedule? Mr. Garrison: Yes, sir. I should qualify that, except

Sunday. Examiner Burchmore: No trains on Sunday?

Mr. Garrison: No.

Examiner Burchmore: You carry the mails on these trains?

Mr. Garrison: Yes, sir.

Examiner Burchmore: Carry passengers for hire?

Mr. Garrison: Yes, sir.

Examiner Burchmore: Do those passengers ever have tickets?

Mr. Garrison: Yes.

Examiner Burchmore: Some on tickets and some pay train fare?

Mr. Garrison: Yes.

Examiner Burchmore: How many freight trains do vou run in addition to these two mixed trains?

Mr. Garrison: We do not run any.

Examiner Burchmore: Do you have any special logging trains?

Mr. Garrison: No.

Examiner Burchmore: How many cars are there in those

2571 trains on the average?

Mr. Garrison: I should think they would average up to five or perhaps six cars.

Examiner Burchmore: Of logs and everything?

Mr. Garrison: No logs, at all. Lumber and the passenger coach. Examiner Burchmore: You do not handle any logs to the mill?

Mr. Garrison: No. we do not.

Examiner Burchmore: The private tram lines are all behind the mill?

Mr. Garrison: Yes.

Examiner Burchmore: Do you endeavor to comply with all the state and Federal laws?

Mr. Garrison: We do.

Examiner Burchmore: Are the cars and locomotives equipped with safety appliances?

Mr. Garrison: They are.

Examiner Burchmore: How about the cars and locomotives operated by the lumber company?

Mr. Garrison: They are never on our track but they are equipped with air appliances and one of your Examiners was down

to the place not long ago and he recommended that we make some improvements on them, that is from a general point of view, but he said it would not be necessary so far as the operation was concerned by the railroad company.

Examiner Burchmore: What is the valuation of this road, what

is it worth?

Mr. Garrison: The whole road, equipment and everything?

Examiner Burchmore: Yes.

Mr. Garrison: Well, it actually cost us over \$106,000. Examiner Burchmore: Has the road ever paid a dividend?

Mr. Garrison: No.

Examiner Burchmore: You have supplies of tickets and bills of lading and letterheads and so forth?

Mr. Garrison: Yes, sir.

Examiner Burchmore: Is there any further examination counsel wishes to make of this phase of the company's operation? We will reserve until after recess the question of rates and divisions and the manner of handling tonnage, and traffic.

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Mr. Walter: How wide is the right of way?

2573 Mr. Garrison: 100 feet.

Mr. Walter: How are the trains operated?

Mr. Garrison: You mean so far as the schedule is concerned?

Mr. Walter: Yes.

Mr. Garrison: They are on a published schedule each way, both trains.

Mr. Walter: Regularly published schedule?

Mr. Garrison: Yes, sir.

Mr. Walter: How much did that station at Manning cost you?

Mr. Garrison: \$1,237.22.

Mr. Walter: That was built as the result of an order by the Texas State Commission?

Mr. Garrison: It was.

Mr. Walter: Are you recognized by the Texas State Commission as a common carrier?

Mr. Garrison: We are.

Mr. Walter: Do you observe the hours of service law, both state and national?

Mr. Garrison: We do.

Mr. Walter: As a matter of fact the majority of the capital stock of the railroad is not owned by Carter & Brother, 2574 is not that true, as a company?

Mr. Garrison: How is that, now?

Mr. Walter: The majority of the capital stock of the railroad is not owned by W. T. Carter & Brother?

Mr. Garrison: It is not.

Mr. Walter: Is that railroad permanent in every sense of the word, roadbed and rails and ties?

Mr. Garrison: It is.

Mr. Walter: What character of ties do you have?

Mr. Garrison: Standard solid cak ties, white oak I think it is, post oak.

Mr. Walter: Was this railroad constructed under the supervision and survey of an engineer?

Mr. Garrison: It was. Mr. Walter: This road was constructed prior to the time the machinery and mill went in?

Mr. Garrison: Yes, sir.

Mr. Walter: In pursuance of a charter regularly secured from the state authorities?

Mr. Garrison: Yes.

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Examiner Burchmore: It has held itself out to the public that you could serve as a common carrier?

Mr. Garrison: It has in every respect.

Mr. Walter: Can you state whether or not the Texas State Commission made a physical inspection before formally recognizing it?

Mr. Garrison: They did. Judge Storey, at that time chairman of the State Commission, made a personal inspection.

Examiner Burchmore: When was this inspection and the road recognized?

Mr. Garrison: He inspected it in the last part of February, 1908.

Mr. Walter: You have a copy of that formal order?

Mr. Garrison: Yes, sir.

Mr. Walter: We will ask to have it made part of the record, unless you think it is not material.

Examiner Burchmore: What light will it throw on the question? Mr. Walter: It shows recognition by the Commission.

Mr. Garwood: It is a declaration by that body that it is physically

fit to act as a common carrier.

Examiner Burchmore: Does that go into the details of the character of the road?

2576 Mr. Garwood: No, it makes no finding as to that, but it makes it for that purpose.

Examiner Burchmore: Then you state that such a document was entered?

Mr. Walter: It was.

Examiner Burchmore: That is sufficient,

Mr. Walter: You carry mail?

Mr. Garrison: We do. Mr. Walter: Express? Mr. Garrison: We do. Mr. Walter: Passengers? Mr. Garrison: Yes, sir.

Mr. Walter: And freight for anybody and everybody that they offer it to?

Mr. Garrison: Yes, sir,

Mr. Walter: Do you not have loading points along this line?

Mr. Garrison: We do.

Mr. Walter: At what places?

Mr. Garrison: McConnico and Kelly, two intermediate stations.

Mr. Walter: Speaking generally what class of freight do
2577 you handle aside from forest products?

Mr. Garrison: Merchandise and grain products.

Examiner Burchmore: We will go into the question of the character of traffic after recess.

Mr. Walter: You operate a passenger train into Huntington?

Mr. Garrison: We do.

Mr. Walter: What size town is Huntington?

Mr. Garrison: I should judge seven or eight hundred.

Mr. Walter: About how many people live along the line of the Shreveport, Houston & Gulf?

Mr. Garrison: I should judge about 500.

Mr. Walter: This is entirely a farming country?

Mr. Garrison: No, not entirely.

Mr. Mantooth: He means from Manning to Huntington.

Mr. Garrison: That is principally farm land, that is cut over.
Mr. Walter: None of the right of way from Prest Ridge to Manning is owned by the lumber company?

Mr. Garrison: No.

(Whereupon at 1 P. M. recess was taken until 2 P. M.)

2578 After Recess.

Mr. Ziebold: I desire to present this request for the purpose of the record as follows:

On behalf of the lines represented by myself I wish to ask that the Commission require the various trunk lines interested to file with the Commission as soon as possible a narrative statement of their respective origins, original length, amount of rolling stock and equipment and other details which will show in a practical way how considerable they were in the beginning and their gradual growth and increase from that time up to the present time. It being our con-

tention that the trunk lines of today were possibly in no better situation in their early days than the short lines of today are now.

Secondly, that the Santa Fe and the intervenors here be requested to file a detailed statement with the Commission as soon as possible showing the number and location of so-called tap lines purchased by the Santa Fe from the various intervenors or any of their community or associated interests and the purchase price, and all contracts and other conditions as to right of trackage and otherwise con-

nected therewith, as forming a part of the transaction of pur-

chase and sale. 2579

Third, that the intervenors be requested to file as soon as practicable with the Commission copies of their f. o. b. mill and delivered price lists and their various concession sheets, such as they have had during the last four or five years and have at the present The object of this request being that inasmuch as the present hearing has given the trunk lines and the intervenors abundant information as to the origin, conditions, contractual and other relations of the short lines which they can procure by securing copies of the record and prepare themselves for any further hearings or proceedings, that this detailed information will enable the representatives of the short lines to acquire some advance information and be better prepared to conduct examination and elicit information on those subjects at any further hearings or proceedings to be held hereafter.

Examiner Burchmore: Do you feel that you need all that infor-

mation, Mr. Diebold?

Mr. Diebold: I may not need it, but others may. I feel that it is necessary and just for the purposes of a complete record and the full

enlightenment of the Commission.

2580 Examiner Burchmore: How do you apply that request. Take the Rock Island, you for example, to a specific case? say, what was the Rock Island in the beginning. Do you want them to analyze each mile of their track? You know it is made up of a number of small lines.

Mr. Ziebold: That is the very proposition I want to elicit, how they were made up and at what different times and through the con-

nection of what tap lines.

Mr. Jeffery: We have a hundred and twenty or more difficult

companies, and it would be a big undertaking.

Examiner Burchmore: Yes, it seems to me that is a large request. It is a request that will be noted on the record. I cannot indicate whether the Commission will make that request of the carriers or I suggest, however, that you renew your request for such detailed information in a formal communication addressed to the Commission, in other words, this record may not be written out and reach the Commission for a fortnight and if you will address a separate letter as to each request, that is, to say, one request as to trunk lines, and another request covering the desired information from the intervenors, those letters will receive the particular attention of the Commission.

2581 Mr. Diebold: I will do that in addition to the request that has gone into the record.

Mr. Garwood: Before Mr. Ziebold goes, I wish to make just this suggestion. Now a request for specific information as to any specific matter at any specific date, of course is entirely reasonable, and we would be glad to comply with it. I perhaps will prefer some request of that sort later on in this hearing; but it would be extremely burdensome, especially so with our line, some of which started back as far as 1854; and if we had to comply with his request we would have to dig up ancient history that would cover a large volume and a great deal of effort. And while of course I want to comply with the reasonable request, still that would entail an immense amount of historic delving that personally I have not got time to go into, and I doubt if the shifting officers know this ancient history. We have changed ownership and even organization two or three times within this half century or more.

Examiner Burchmore: I understand you regard that request as a

little broad.

Mr. Garwood: That was the point I was suggesting. It covers not

only too much territory but too much time.

Examiner Burchmore: I think it must be apparent to any one that if the Commission feels that this request is entirely too broad it will have to do either of two things, deny the whole request or have to demand that in part. I suggest you make your request just as narrow as you can in consideration of the rights of your client.

Mr. Ziebold: I will state as far as I am concerned and the interests I represent if there is a practical, substantial compliance with the request, such as the Commission in its judgment thinks adequate and sufficient, that will be sufficient for us. We do not mean to require any detailed information as to any specific point, but such a compliance as would give in substance the information covering the subject as in the judgment of the Commission we may properly expect.

Examiner Burchmore: Would it suffice for your purposes if the Iron Mountain, through Mr. Jeffery, should state that there are now embodied in its line of railway some thirty or forty small lengths of tracks, which while originally separately organized and separately

operated tap lines?

Mr. Ziebold: Yes, if he will state their original termini and from whom they were acquired and what was the consideration and whether it was a cash transaction or whether there

were any contractual relations which existed thereafter or even now may still be in existence. There has been a careful inquiry into the contractual relations of the tap lines and lumber mills and I think that it is only just that the present trunk lines show their hands also.

Mr. Jeffery: I think all that information has been asked for by the Commission; it is in that series of questions they sent out in the trunk lines rate advance case. I know all that as to whom we brought property from and acquired our subsidiary lines from, the Commission's questions were very complete and comprehensive and they are being prepared now by the various lines. I think all this

will be filed by the Commission and I think you will get a very com-

plete report there of all those matters.

Mr. Andrews: So far as the requests made of the intervenors are concerned, it seems to me that it is utterly irrelevant to the course of inquiry that has been conducted here. In the early stages of the proceeding the Commissioner declined to permit any inquiry into any sort of lumber company operations except as they related abso-

lutely to the tap lines operated in connection with the lumber companies, and certainly schedules of prices and price lists and concessions off and things of that kind have never been in the case, and I cannot see how they can have any place in the case. I do not know why the position in a lawsuit entitles another

Examiner Burchmore: I feel sure that the Commission will not grant any request for information to be furnished by the intervenors before ascertaining from the intervenors whether they have any objection to furnishing such information and giving you an opportunity to object to the specific inquiry.

party to that suit to information that is not involved in the lawsuit.

Mr. Andrews: I did not think myself that the Commission would enter an order of that character in view of this investigation, but I wanted to note an objection of record, as the request had been made

of record.

Examiner Burchmore: That is perfectly proper.

Mr. Garwood: As to that branch of the inquiry where the gist of the controversy is that the intervenors are being discriminated against unjustly and unduly, it occurs to me that the request of counsel is eminently just and proper, and I think that is of the very essential gist and soul of the complaint lodged by the inter-

venors in this case, and that is information which would be peculiarly within their knowledge and which I assume they

should have no objection to furnishing.

Examiner Burchmore: I did not grasp the precise nature of the information which Mr. Diebold wished the intervenors to furnish, but it is understood that he will renew his request in writing addressed to the Commission at Washington and the Commission will take such action as it deems proper. The objection of the various parties to furnishing this information will be noted in the record and I think there is nothing further to be said at this time.

Mr. Ziebold: Except when we do that we will do it in addition

to this request and not in substitution of this request.

Examiner Burchmore: I want to call the names of all the cases which have not been disposed of or heretofore called for hearing, with the object of ascertaining whether the parties are ready at this time to proceed with the hearing. I therefore request that counsel or representatives of these lines will indicate as the names are called

first, whether they would prefer that the hearing with respect to their particular lines should be deferred until a date hereafter to be fixed, or whether they would prefer to have the hearing go on with respect to their company at this time, tomorrow, or Monday, or just what their position is with respect to an immediate hearing or a postponement.

Is the De Queen & Eastern Railroad present?

Mr. Kirkpatrick: Yes; we have been here ever since the day before the Commission began work and have been ready all the time, and yet unless we could be heard today or certainly tomorrow it would suit us better if we could be heard at St. Louis or Kansas City or some place nearer home. We are willing to suit our convenience to the convenience of the Commission but do not believe if there is any possibility that we could be heard in St. Louis or Kansas City that we would care to take our chances to wait over until next week here for a hearing.

Examiner Burchmore: The Galveston, Beaumont & Northeast-

ern?

Mr. Walter: We are ready to be heard on Saturday, but I will say as to this line, as in regard to almost all I represent that we are ready to go on until the hearings conclude but are perfectly willing to conform to the convenience of the Examiner or the

Commission, having in mind of course that if there is a postponement of the hearing that the existing status may be maintained and the suspension may be held in effect until there can be a determination of the question.

Examiner Burchmore: In general then, the clients you represent will be perfectly agreeable to having their cases tried in turn as late

as Monday or Tuesday?

Mr. Walter: Some of them would prefer to be heard today or tomorrow, but others of them the first part of next week. As to the individual lines I would want to make a special answer as to those. Examiner Burchmore: The Gulf & Sabine River Railroad.

Mr. Sugar: I represent that road and Mr. Walden, the witness, is not in the room. I would prefer to see him before definitely answering.

Mr. Garwood: Is that the Gulf & Sabine River?

Mr. Sugar: I made a mistake. The Sabine & Northern is what I

represent.

Mr. Garwood: I am authorized to state that the Gulf & Sabine River, having waited some time, would prefer to let the matter 2588 go over until the next hearing rather than wait over until Monday.

Examiner Burchmore: But you will be ready tomorrow?

Mr. Garwood: I hardly think so, your Honor.

Examiner Burchmore: The Loring & Western Railway?

(No response.)

Examiner Burchmore: The Louisiana & Eastern Railway?

(No response.)

Examiner Burchmore: The Louisiana Central Railroad?

Mr. Church: We would prefer a postponement until some other time at St. Louis.

Examiner Burchmore: The Mansfield Railway & Transportation Company.

Mr. Walter: We are ready today, if we can get a hearing to-

day. If not, the matter can go over under the conditions I have referred to.

Examiner Burchmore: You would not want that heard Monday?
Mr. Walter: I think not. We would rather have it go over than
to do that.

Examiner Burchmore: The Missouri & Louisiana Railroad?

Mr. Sargent: Rather than wait until Monday we would prefer to go over until some future time, but I am ready this afternoon or tonight, and if it can be reached tomorrow we would rather stay until tomorrow night and get through with it.

Examiner Burchmore: The Sabine & Eastern Railway.

Mr. Kirkpatrick: I suggested we were willing to submit that on the Examiner's report if satisfactory to the Commission.

Examiner Burchmore: I do not know what you mean by satis-

factory to the Commission.

Mr. Kirkpatrick: Well, unless the Commission on its own behalf desires further testimony or desires to make an additional examination, we have not any witnesses here today and it would have to be at a later date.

Examiner Burchmore: Do I understand you do not care to put in any testimony in support of your contention that you are a common

carrier and entitled to participate in divisions?

Mr. Kirkpatrick: I think the examination the Commission has already made and the reports show the physical condition of the road. It is an independent corporation and regularly incorporated under the laws of Louisiana.

Examiner Burchmore: If you are not prepared for hearing and do not desire to put in any testimony it may be that the

Commission will regard the case as abandoned.

Mr. Kirkpatrick: I would not care to have that done, but as I say we have not our evidence here today. We had it some days ago, but we were unable to get the witnesses today or possibly tomorrow.

Examiner Burchmore: Will you be ready tomorrow?

Mr. Kirkpatrick: I do not think we could get them here.

Examiner Burchmore: Would you be ready Monday?

Mr. Kirkpatrick: I would prefer not to try to be here Monday, but if our other case should go to a subsequent date we could be ready then.

Examiner Burchmore: What is your other case? Mr. Kirkpatrick: The De Queen & Eastern.

Examiner Burchmore: That is going to be called today.

Mr. Kirkpatrick: Very well.

Examiner Burchmore: The Sabine & Northern Railroad.

Mr. Sugar: That is the one I referred to just now. We are ready now, but as to what would be our pleasure if it could not be reached today or temorrow, I am not able to say.

Examiner Burchmore: The Blythesville, Burdette & Mississippi River Railway. Is that company not represented?
Mr. Coleman: I understand that counsel from St. Louis represent-

ing that road, but they are not in the room.

Examiner Burchmore: The Wilson Northern Railroad.

Mr. Coleman: The Wilson Northern is ready but I cannot get them here today. We will have to go over.

Examiner Burchmore: You will be ready Monday?

Mr. Coleman: No, we could not possibly.

Examiner Burchmore: Would you be ready tomorrow?

Mr. Coleman: Yes, but my purpose is unless it can be tried today to let it go over.

Examiner Burchmore: The Manila & Southwestern.

Mr. Gautney: I want to suggest this. It is very essential that we get that, in order to know something of the conditions of affairs. If there is to be any continuance of the hearing I would like to inquire at this time as to when that order which restored the lumber rates becomes ineffective. Do I understand it is January 1st?

Examiner Burchmore: January 5th, if there is no extension.

Mr. Gautney: In this line which I represent there is a great deal of business we handle other than lumber. At present our lumber rate is restored, but our great difficulty is handling other commodities and for that reason we would like to be heard at this time if possible.

Examiner Burchmore: Do you desire a hearing at this time?

Mr. Gautney: Yes.

Examiner Burchmore: Will you wait until you get it?

Mr. Gautney: I do not know whether I can or not. I have about reached my limit. Now, if there is any possibility of its being heard I would like it to be heard.

Examiner Burchmore: Or tomorrow? Mr. Gautney: That would be all right? Examiner Burchmore: How about Monday?

Mr. Gautney: I cannot be here Monday. If the next hearing is to be in St. Louis of course we could go there much easier than to come here.

Examiner Burchmore: The Beaumont & Saratoga Transportation Transportation Company.

(No response.)

Examiner Burchmore: The Peach River & Gulf Railway. Mr. Walter: Saturday or Monday or a continuance.

Examiner Burchmore: The Riverside & Gulf Railway. 2593 Mr. Walter: The same order.

Examiner Burchmore: The Beaumont & Great Northern?

(No response.)

Examiner Burchmore: The Livingston & Southeastern.

(No response.)

Examiner Burchmore: The Moscow, Camden & San Augustine. Mr. Mantooth: We are ready today and will be tomorrow or Monday or Tuesday, whenever you reach us.

Examiner Burchmore: The Timpson & Henderson, formerly the

Timpson & Northwestern.

(No response.)

The Caro Northern Railway.

Mr. Saner: I have been in attendance and very much desire a hearing this week if possible. If it is not possible we will continue until Monday.

Examiner Burchmore: The Trinity Valley & Northern.

Mr. Baldrach: We are ready to go on.

Examiner Burchmore: The Nacogdoches & Southeastern.

Mr. Walter: We are ready in that or to go over for a future hearing. We would like to have it disposed of. There are three held by joint interests, the Nacogdoches & Southeastern, the Mansfield Railway & Transportation Company, and the Louisiana & Pine Bluff, and we would like to have them heard at the

same time if they can be.

Examiner Burchmore: The Mangham & Northeastern.

Mr. Gilly: If it does not jeopardize our interests we would like to have it postponed until a future time. I understand there will be a future meeting in Kansas City or St. Louis.

Examiner Burchmore: I am not sure about it.

Mr. Gilly: We are ready for a hearing today or tomorrow.

Examiner Burchmore: Will you be here Monday?

Mr. Gilly: I can, but I would rather not.

Examiner Burchmore: The Jefferson & Northwestern.

(No response.)

The Gideon & North Island Railroad.

Mr. Walter: We would like to get a hearing on that today or tomorrow and if not I think it would suit Mr. Anderson better to have a hearing in St. Louis of on another date.

Examiner Burchmore: The Memphis. Dallas & Gulf.

(No response.)

2595 Mr. Walter: Either today or tomorrow or at a later date.
Examiner Burgamore: Will you be ready Monday?

Mr. Walter: Yes, sir.

Mr. Jefferson: About that Memphis, Dallas & Gulf, I suggest if you have a future hearing they be notified in some way. I am afraid they are under some misapprehension as to their exact status in this case.

Examiner Burchmore: Is not that owned by some Chicago people?

Mr. Jeffery: I do not know by whom it is owned but I know we have divisions on all classes and commodities with them and our traffic people told me it is quite an embryonic trunk line.

Examiner Burchmore: Is it a good deal better road than the

Tremont & Gulf?

Mr. Jeffery: I would not like to make any invidious compari-

Mr. Garwood: There are so few better roads than that I question it.

Mr. Jeffery: I would not like to say as to that. I really do not know, I am not in a position to say.

2596 Examiner Burchmore: The Eldorado & Wesson.

Mr. Walter: We will be ready whenever the Commission reaches us.

Examiner Burchmore: The Fordyce & Princeton Railway.

Mr. Walter: The same thing. Examiner Burchmore: The North Louisiana & Gulf Railroad. Mr. Walter: We would like to get a hearing on that today or to-

morrow and if not it had better go over.

Examiner Burchmore: The Wyandotte & Southern Railway.

(No response.)

The Lester & Ouachita Valley Railway.

(No response.)

Examiner Burchmore: The Little Rock, Sheridan & Saline River.

Mr. Cone: That has been heard.

Examiner Burchmore: The Louisiana & Pine Bluff.

Mr. Walter: If we can get a hearing today or tomorrow we would

like to have it. If not the matter can go over.

Mr. Jeffery: Your Honor there is one that I suggest 2597 go over. I am very anxious to get away and that is the only one of the Iron Mountain roads that I think I would like to stay and hear, and if there is to be a further hearing I would like to ask that that be put over, and I will be able to attend to it. I have to leave myself today, and cannot hear it unless it can be heard this afternoon.

Examiner Burchmore: The Mississippi Valley Railroad.

(No response.)

Examiner Burchmore: The Mississippi Valley Railway has been beard.

The Natchez, Ball & Shreveport.

Mr. Wilson: I understood you called the Blythesville, Burdette & Mississippi River Railway.

Examiner Burchmore: Are you ready for a hearing?

Mr. Wilson: Yes, sir.

Examiner Burchmore: Will you be ready for a hearing Monday?

Mr. Wilson: No, sir; I am very much ready today. Examiner Burchmore: Can you be heard tomorrow?

Mr. Wilson: If we cannot be heard today we could be heard tomorrow.

Examiner Burchmore: The Paragould & Memphis Railway? An appearance has been entered by Mr. John B. 2598 Daish, but he has not appeared yet.

The Red River Valley Railroad.

(No response.)

Examiner Burchmore: The Texas Southeastern Railroad.

Mr. Greer: We are ready. I presume we will be the next one called and we want a hearing .

Examiner Burchmore: How long will that case take?

Mr. Greer: It ought not to take much more than an hour.

Examiner Burchmore: That is quite a railroad.

Mr. Greer: Yes, sir.

Examiner Burchmore: The Thornton & Alexandria Railway.

Mr. Walter: We would like to get a hearing on that. I think it will be reached this afternoon on the regular call of the Cotton Belt connections.

Examiner Burchmore: There seem to be twenty-six roads ready for hearing. I think the best thing to do and the course that will be pursued unless there is too much objection, is to continue the regular call today and tomorrow and continue the hearing Monday

and proceed through until we have disposed of all the cases 2599 that can be heard. Now several have responded that they would be positively unable to be heard Monday. I am willing to try to make up a little calendar of the cases that will be reached today or may be reached today and those that will or may be reached tomorrow and also those who have to go over to next week. I cannot do that until adjournment this afternoon.

Mr. Garwood: Some of our witnesses in the Gulf & Sabine River Railroad are compelled to leave to fulfill important engagements and

they cannot possibly be back Monday.

Examiner Burchmore: Now, Mr. Garwood: Where can that case

be heard if it is heard later?

Mr. Garwood: It can be heard at whatever place it suits the convenience of the Commission, St. Louis, Kansas City or Chicago or here or any other convenient locality.

Examiner Burchmore: That is the Gulf & Sabine River?

Mr. Garwood: Yes.

Examiner Burchmore: By whom is that road controlled or how is it owned?

Mr. Garwood: I understand in a general way by the Fullerton interests.

Examiner Burchmore: Are there any other companies that are in a similar position with respect to a hearing Monday?

Mr. Coleman: The Wilson Northern, I have court engagements on Monday that will make it imperative for me to leave and I

would like to leave tonight.

Examiner Burchmore: I think you will be reached tomorrow. Mr. Coleman: If there is to be a hearing at St. Louis or Kansas City I would rather let it go over and get away tonight. We have been here nearly two weeks.

Examiner Burchmore: I think you can be heard tomorrow and I would very much prefer not to put off any case that does not have

to be.

Mr. Coleman: If it is an absolute certainty we could be heard I would strain a point and stay, but if there is any uncertainty we would rather leave tonight.

Examiner Burchmore: When do you have to leave?

Mr. Coleman: 7:30.

Examiner Burchmore: We will try to find out later in the afternoon.

2601 Mr. Garwood: Your Honor made the remark that you would continue this hearing over until next week without there was very strenuous objection. I take it from that that you wanted to know whether there would be strenuous objection. There are some of us here who have a general interest in this matter, and in its broader and general phases, independent of any direct or immediate interest of any particular carrier, and who feel obligated to keep in touch with the drift of this investigation as a whole. Now if any very considerable number of these cases are to be heard on Monday, it would leave some of us, myself particularly, in a very embarrassing position. I have cases in court in our Appellate Court that are to be submitted on Wednesday, the 21st, and I do not think it is possible we can get a postponement of them. Now then not only is it impoissible to get a postponement, but we will be obliged to be in Austin on Tuesday morning, and we cannot possibly get there if we are here Monday. We will have to leave here at least on Sunday. And in that same connection I desire to state that I personally know from Judge Cowan that he has made a very important engagement on Monday in Texas, and is assembling parties at Gal-

veston to meet him there, and it would greatly inconvenience 2602 him and a very large number of people interested in that proposition. So it would be extremely unfortunate for him to

remain.

Mr. Walter: If you cannot hear today or tomorrow either the Eldorado & Wesson, the Ouachita Valley, the Fordyce & Princeton, the Mansfield Railway & Transportation Company, the Louisiana & Pine Bluff, the Nacogdoches & Southeastern, the Gideon & North Island, the North Louisiana & Gulf, we would like to have those go over until a subsequent hearing, unless as to the North Louisiana & Gulf, you could fix a day certain next week, say Wednesday or

something like that.

Mr. Mantooth: It seems to me there are quite a number of cases which would not object to postponement, if they have to remain over until Monday. They would be willing to have their cases taken up today or tomorrow. Some of these gentlemen, Judge Garwood and Mr. Andrews, say they cannot be here. I suggest that you try the cases that would have to remain over here in any event rather than miss a hearing, and try them today or tomorrow, and postpone those that could not stay until Monday and let them go, so we could dispose of those that have to stay here. I do not want to come back if I can avoid it. I have been traveling over the country a good many

times to get a hearing, and I am here and would like to
2603 get a hearing before I leave. I represent the Moscow, Camden
& San Augustine Railroad. I am willing to stay here until I
get a hearing. I do not mean by that that I am willing to concede
my right to be heard at the proper time, when I am called on the

list.

Examiner Burchmore: You will be called in your proper order on the list, regardless of whether the others are ready or not. Mr. Mantooth: I want to stay until I get a hearing, but I suggest there are quite a number who might not want to remain over until Monday if they are called in their proper order, and in that way we might save time by picking out those who would not be heard now in any event, and let those remain over until a later date.

Examiner Burchmore: What were those cases you said could not

go over?

Mr. Walter: The Mansfield Railroad & Transportation Company, the Nacogdoches & Southeastern, the Louisiana & Pine Bluff, the Gideon & North Island, the Eldorado & Wesson, the Ouachita Valley and the Fordyce & Princeton.

Mr. Jeffrey: Would it not be just as convenient if all those cases

were heard later in St. Louis?

2604 Mr. Walter: If that can be done without any prejudice to our rights under the existing situation, we would like to conform to the pleasure and convenience of the Commission and counsel on the other side, but we want to maintain the existing situation as long as we can.

Mr. S. R. Greer: There seems to be a good many who will not have their cases called today or tomorrow, and I would like very much to

have our case postponed, the Mangham & Northeastern.

Examiner Burchmore: Where is it located?

Mr. Greer: In the northeastern part of Louisiana, a connection with the Iron Mountain.

Examiner Burchmore: You are connected with the Mangham &

Northeastern?

Mr. S. R. Greer: Yes.

Examiner Burchmore: I think you will be reached tomorrow,

but are you anxious to go over?

Mr. Greer: I would like very much to get away tonight, I live in St. Louis, and it would be much more convenient to attend a hearing there or in Kansas City, and it seems there will be another hearing; unless it is the purpose of the Commission to continue this

hearing indefinitely into next week.

at four o'clock regarding the precedure. We are now on the Shreveport, Houston & Gulf, and we will complete that in a few moments and take up the Texas Southeastern next. I desire to dispose of all the cases possible at this hearing, and I am instructed to postpone only such cases as must be postponed. But I will make some announcement about four o'clock about the postponement, and counsel will then have an opportunity to make any further suggestions they desire.

L. D. Garrison, was recalled as a witness, and having been previously sworn, testified as follows:

Examiner Burchmore: Now, Mr. Garrison, we have covered the general characteristics of this company and its relation to the other companies, leaving for this afternoon only the question of rates and divisions and practices of transportation. Do you have joint through rates on class freight?

Mr. Garrison: Yes, sir.

Examiner Burchmore: To interstate points?

Mr. Garrison: We do.

Examiner Burchmore: Do those rates apply over the 2606 Houston, East & West Texas Railroad?

Mr. Garrison: In connection with the Texas & New Orleans, that is part of the Southern Pacific System.

Examiner Burchmore: And also in connection with the Cotton Belt?

Mr. Garrison: Yes, sir.

Examiner Burchmore: Are the joint class rates the same over both companies?

Mr. Garrison: Yes, sir.

Examiner Burchmore: And they are quite general in their application?

Mr. Garrison: Yes, sir, they are.

Examiner Burchmore: Your company files no local freight tariffs of its own issuance?

Mr. Garrison: No, sir.

Examiner Burchmore: You have, however, on file with the Commission an index of your tariffs which shows all the schedules in which you participate?

Mr. Garrison: Yes, sir.

Examiner Burchmore: What are your divisions under class rates?

2607 Mr. Garrison: With the Cotton Belt we get 25 per cent of their proportion of the through rate.

Examiner Burchmore: And how much on the Texas & New

Orleans?

Mr. Garrison: 12½ per cent.

Examiner Burchmore: Then most of your class freight, I imagine, goes to the Cotton Belt?

Mr. Garrison: Yes, sir. There is only one exception to that, and that is the case of grain and grain products.

Examiner Burchmore: We will not go into the details. You have also joint through rates on lumber?

Mr. Garrison: Yes, sir.

Examiner Burchmore: And forest products?

Mr Garrison: Yes, sir.

Examiner Burchmore: Are your rates the same from your mill at Manning as the rates published by the Texas & New Orleans and the Cotton Belt respectively from Prestridge?

Mr. Garrison: They are except in one or two instances that I

know of.

Examiner Burchmore: Just one or two exceptions to that rule?

Mr. Garrison: Yes, sir.

2608 Examiner Burchmore: What are your divisions on lumber received from the Cotton Belt?

Mr. Garrison: Four cents.

Examiner Burchmore: Is it a uniform division of four cents?

Mr. Garrison: To interstate points where through rates are published.

Examiner Burchmore: Four cents to all interstate points where through rates are published?

Mr. Garrison: Yes, sir.

Examiner Burchmore: To such points you also get four cents where the rate yields a minimum of eight cents to the Cotton Belt?

Mr. Garrison: Yes.

Examiner Burchmore: Are the divisions the same with the Texas

& New Orleans?

Mr. Garrison: No.

Examiner Burchmore: What divisions do you receive there on lumber?

Mr. Garrison: It varies. On lumber destined to Katy points we get three cents, and to Kansas City Southern points we get three cents, and to points on the Colorado & Southern we get

2609 four cents; but to all other points we get 20 per cent of the Sunset Central proportion up to their junction with the foreign line.

Examiner Burchmore: How does that 20 per cent figure out?

Mr. Garrison: It will average about two cents.

Examiner Burchmore: Sometimes less and sometimes more?

Mr. Garrison: Well, we do not ship very much stuff that way.

It will be about two cents average.

Examiner Burchmore: You have no milling in transit rates?

Mr. Garrison: No.

Examiner Burchmore: As matter of fact there is no other sawmill on your line except the one at Manning?

Mr. Garrison: No.

Examiner Burchmore: Has your company any contract with the Texas & New Orleans respecting rates and divisions?

Mr. Garrison: No.

Examiner Burchmore: Have you any with the Cotton Belt System?

Mr. Garrison: No, we have not.

Examiner Burchmore: I have before me copies of three or four contracts which I would like to call to your attention very briefly.

Here is one agreement entered into February 1st, 1909, 2610 between this railroad and the Carter-Kelly Lumber Company, a corporation, giving the lumber company the right, as I understand it, to operate its logging trains over a part of the lines

of this railroad.

Mr. Garrison: Yes, sir.

Examiner Burchmore: What was that system?

Mr. Garrison: They operate over the entire length of our main line from Manning to Prestridge.

Examiner Burchmore: What is the purpose of that operation?

Mr. Garrison: They had some timber up above Prestridge that they logged from there down to Manning.

Examiner Burchmore: Then they haul the logs down over the

line to the mill?

Mr. Garrison: The lumber company haul their own logs. The railroad company did not do it.

Examiner Burchmore: The engine was operated by the lumber company?

Mr. Garrison: Yes, sir.

Examiner Burchmore: And the train by the lumber company? Mr. Garrison: Entirely.

Examiner Burchmore: They paid you how much?

Mr. Garrison: 20 cents a train mile.

2611 Examiner Burchmore: Is not that a very low rate?

Mr. Garrison: We did not think so. I think that is a
common compensation over in that country on the main lines.

Examiner Burchmore: How many cars in the train?

Mr. Garrison: It simply pertained to the train. If they had one car or a light locomotive it was the same price.

Examiner Burchmore: They usually run a very heavy train?

Mr. Garrison: Yes, sir.

Examiner Burchmore: As few trains as possible.

Mr. Garrison: Sure, but I might say though, they have not hauled any logs for six months.

Mr. Walter: Has that contract terminated?

Mr. Garrison: It has so far as—There is no official termination, but there will be no more logs hauled over it.

Examiner Burchmore: It just expired by lapse of the practice?

Mr. Garrison: Yes, sir.

Mr. Walter: No more logs to haul?

Mr. Garrison: No.

Examiner Burchmore: I also have what purports to be a copy of a contract between the St. Louis Southwestern of Texas and the

Shreveport, Houston & Gulf, under which in consideration of the sum of \$5.00 per train, round trip, for each round trip, the Cotton Belt System granted to the Shreveport, Houston & Gulf Railroad the right to run its logging trains over the tracks of

that system from Prestridge to Donovan and return, Mr. Garrison: Yes.

Examiner Burchmore: Did the Shreveport, Houston & Gulf operate any logging trains over that track?

Mr. Garrison: Let me explain that-

Examiner Burchmore: The explanation is this, is it not, as stated in a letter from you addressed to the Commission: The Cotton Belt was under the impression that those were your logging trains, and in executing the contract your officer neglected to call their attention to the necessity of changing it?

Mr. Garrison: Yes, sir, that is it exactly.

Examiner Burchmore: A mere inadvertence?

Mr. Garrison: Yes, sir.

Examiner Burchmore: I also have a copy of a contract dated November 1st, 1907 with a memorandum of agreement attached to it and describing it, between the Texas & New Orleans Rail-

2613 road, and the Shreveport, Houston & Gulf, covering the construction, use and ownership of an interchange track 2½ miles south of Huntington. That contract as you recall it, contains no provision relating to rates or divisions.

Mr. Garrison: Not at all.

Examiner Burchmore: Also a contract dated October 1st, 1907, between the Cotton Belt System and the Shreveport, Houston & Gulf. Do you remember what the nature of that contract was?

Mr. Garrison: What was the date of it?

Examiner Burchmore: 1907?

Mr. Garrison: Dated October 1st, 1907? Examiner Burchmore: October 1st.

Mr. Garrison: That covered the use and trackage rights over 134 miles of track belonging to the Cotton Belt between our junction at Prestridge and Huntington, and also station facilities at Hunting-

Examiner Burchmore: What was the payment?

Mr. Garrison: A monthly fixed charge of \$45.00 a month.

Examiner Burchmore: For the whole business?

Mr. Garrison: Yes.

Examiner Burchmore: What was the distance from Prest-2614 ridge to Donovan?

Mr. Garrison: I do not really know. I think it is about a mile.

Examiner Burchmore: Prestridge to Donovan one mile? Mr. Garrison: I think it is. It may not be quite so far.

Examiner Burchmore: Then the Cotton Belt System charged vou \$5.00 per round trip for a train movement between Prestridge and Donovan as a trackage right?

Mr. Garrison: I do not know what they call it. That was a fixed

charge.

Examiner Burchmore: It amounted only to a trackage right; they permitted your trains to run over that track and charged you \$5.00 a trip?

Mr. Garrison: That is the lumber company, you understand.

Examiner Burchmore: Well, I do not care which.

Mr. Garrison: \$5.00 a round trip was what they charged. Examiner Burchmore: And it was one mile each way?

Mr. Garrison: Yes, sir, so far as I know. Examiner Burchmore: That is about \$2.00 or \$2.50 a train mile, and yet your railroad company only charges this lumber company 20 cents a mile?

Mr. Garrison: Well, in rebuttal to that I may say, I am not prepared to say this is positive, but it is my recollection that the Cotton Belt charged the Lufkin Land & Lumber Courpany the same rate, 20 cents a mile, covering about 20 miles of their track between Lufkin and Donovan.

Examiner Burchmore: Then this \$5.00 is a specially high rate? Mr. Garrison: Well, it only took care of five or six round trips.

That perhaps accounted for that.

Examiner Burchmore: You said in rebuttal. You do not understand I was charging that against your company, but simply trying to bring out all the facts both ways. The division on lumber is not intended to and in fact does not take care of any of the expense of moving the logs into the mill.

Mr. Garrison: No, sir, not at all.

Examiner Burchmore: What timber holdings has this lumber company along the line of this railroad, has it any timber holdings?

Mr. Garrison: I believe they own the timber on maybe 100 acres just before we get to Manning, about half or three-quarters of a mile.

2616 Examiner Burchmore: Beyond Manning and away from Prestridge.

Mr. Garrison: No. They just recently acquired it.

Examiner Burchmore: Is there anything else they have acquired since they built this railroad?

Mr. Garrison: They have bought timber from time to time.

Examiner Burchmore: Has anybody else been able to cut their timber land and mill it in competition with this lumber company?

Mr. Garrison: The lumber company bought all the available tim-

ber down there.

Mr. Walter: What is your passenger revenue, the number of passengers carried last year?

Mr. Garrison: I think that we hauled something over 9,000.

Mr. Walter: About how much total revenue?

Mr. Garrison: The total passenger revenue was \$2,978.20.
Mr. Walter: What were your total earnings last year?
Mr. Garrison: You mean the gross operating revenue?

Mr. Walter: Yes.

Mr. Garrison: \$25,464.84.

Mr. Walter: Now then, what other earnings did the railroad have?
Mr. Garrison: We derived a revenue from the rental of
that equipment from the Carter Mills that amounted to
\$3,510.36.

Mr. Walter: How much for trackage?

Mr. Garrison: That covers the rent received, that is that 20 cents per train mile, \$976.20.

Mr. Walter: Demurrage?

Mr. Garrison: We collected \$953.

Mr. Walter: Do you lnow when that timber was bought for the

hauling of which 20 cents a train mile was paid?

Mr. Garrison: It was bought after the railroad was completed, and after Carter-Kelly Company had begun cutting the timber down below Manning.

Mr. Walter: How long after?
Mr. Garrison: Two years, I think.

Mr. Mantooth: Two years after the building of the mill and the railroad?

Mr. Garrison: Yes, sir.

Mr. Walter: How much was there of this timber? Mr. Garrison: Do you mean the stumpage?

Mr. Walter: Yes.

Mr. Garrison: I think about 10,000,000 feet.

Mr. Walter: Do you know whether there is any other individual or individuals that own a material amount of timber land among the Carter-Kelly holdings?

Mr. Garrison: I do.

Mr. Walter: What concern owns the alternate sections? Mr. Garrison: It is called the Santa Fe properties.

Mr. Walter: By that you mean the Santa Fe Railroad?

Mr. Garrison: Yes, sir.

Mr. Walter: In addition to the forest products you carried for the Carter-Kelly people, there are various shipments for various people today?

Mr. Garrison: Yes, sir.

Examiner Burchmore: Did you have any special purpose in bringing out that Santa Fe holding?

Mr. Walter: Nothing except to show it is not all owned by us.

Examiner Burchmore: It is not all being cut.

Mr. Mantooth: No, sir, it is not.

Mr. Walter: The country is pretty well settled all down through that country south of the railroad, is it not?

Mr. Garrison: Yes, sir, it is.

Mr. Walter: We will file the itemized statement that is required as to all these rates, and also a map.

Examiner Burchmore: What is the proportion of your

tonnage that is lumber for this company?

Mr. Garrison: It is about 94 per cent for the fiscal year ending last June.

Examiner Burchmore: What per cent of the earnings?

Mr. Garrison: I have not figured that.

Examiner Burchmore: About the same per cent, or much less?

Mr. Garrison: It would be about 90 per cent.

Examiner Burchmore: The statement you will furnish will show that accurately?

Mr. Garrison: Yes.

Examiner Burchmore: Have you any questions, Mr. Andrews? Mr. Andrews: I do not think you gave the percentage of holdings of the railroad company and the Carter-Kelly Lumber Company.

Mr. Garrison: You mean the stock of one in the other?

Mr. Andrews: Yes. You stated they were substantially the same.

but some differences, but did not give percentages.

Mr. Garrison: He asked me if the joint ownership was on a regular fixed percentage or ratio, as I understood it. I do not exactly catch your question.

Examiner Burchmore: I think that was fully brought out this

morning.

Mr. Andrews: I understood him to say it was a control-2620 ling interest, but did not understand him to give the percentage, and did understand him to say there are some differences. If I am incorrect about it I will ask no questions.

Examiner Burchmore: You may be right, but I was of another

opinion.

Mr. Andrews: Well, what is the difference in the stock holdings of the two corporations, in percentages?

Mr. Garrison: About four for one.

Mr. Andrews: You misunderstand me. Say for instance, Mr. Carter is a stockholder in each company, just assume that; is his percentage of stock in the lumber company the same as his percentage of stock in the railroad company?

Mr. Garrison: It is.

Mr. Andrews: And that applies to the other stockholders?

Mr. Garrison: Except in only one or two minority stockholders. who have sold what little stock they had.

Mr. Andrews: What would that amount to in percentage?

Mr. Garrison: Very little, because-

Mr. Andrews: Director's shares?

Mr. Garrison: No.

Examiner Burchmore: How many shares in number, aside

2621 from percentages?

Mr. Garrison: I do not know. Do you mean the total number?

Examiner Burchmore: How many shares in the railroad company's stock are not owned by people who have any interest in the lumber company?

Mr. Garrison: None at all. They are joint ownership, if you

mean-

Mr. Andrews: I understood you to give a different answer this morning, is the reason I asked.

Mr. Garrison: You mean if one man owns stock in the lumber company, if he also owns it in the railroad company?

Mr. Andrews: Yes. Mr. Garrison: That is right.

Examiner Burchmore: I think he was asked this morning whether Mr. Carter of Houston, owned a majority of stock in the railroad company, and he said he did not.

Mr. Walter: W. T. Carter & Brother. Mr. Mantooth: That is not a corporation.

Mr. Andrews: I was not asking about that, but about the other part. How far do you haul when you deliver to the St. Louis Southwestern?

Mr. Garrison: Nine miles.

2622 Mr. Andrews: How far do you haul when you deliver to the Texas & New Orleans?

Mr. Garrison: Nine miles.

Mr. Andrews: Do you deliver at a junction point?

Mr. Garrison: Yes.

Mr. Andrews: I did not understanding that Huntington was a junction point. I thought the junction point was at Jacksonville. Mr. Garrison: I mean our junction point with these two lines is at

Mr. Andrews: The query was how they came to be both nine miles unless they joined at the same point where you crossed them.

Mr. Garrison: They do.

Mr. Andrews: I thought it was at Jacksonville.

Mr. Garrison: They cross there and down below at Huntington again.

(Witness excused.)

Texas Southeastern Railroad.

E. C. Durham was called as a witness, and having been duly sworn, testified as follows:

Examiner Gutheim: Your full name?

Mr. Durham: E. C. Durham. Mr. Gutheim: You live where? Mr. Durham: Diboll, Texas.

Mr. Durham: Diboll, Texas. Examiner Gutheim: Your occupation is what?

Mr. Durham: General Manager of the Texas Southeastern Railroad Company.

Examiner Gutheim: You offer this map of the Texas Southeastern in evidence?

Mr. Durham: Yes.

(The map so offered and identified, was received in evidence and thereupon marked Texas Southeastern Railroad Exhibit No. 1, Witness Durham, received in evidence December 16th, 1910, and is attached hereto.)

Examiner Gutheim: According to this map the Texas Southeastern extends from Diboll to the station where you have a connection with the Houston, East & West Texas in a northerly direction through Blix and Vair to a terminus called Neff.

2624 Mr. Durham: That is correct.

Examiner Gutheim: From Blix you have a branch running is an easterly direction to Lufkin?

Mr. Durham: Yes.

Examiner Gutheim: What is the nature of the country that this road traverses?

Mr. Durham: It is timber country; a good deal of the timber has been cut out right along the lines just now, but there has been.

Examiner Gutheim: Are the stations, the names of which I called from the map, the only stations located on your line?

Mr. Durham: No, there is small station at Peavy.

Examiner Gutheim: Where is Peavy?

Mr. Durham: Six miles southwest of Lufkin.

Mr. Greer: And a station at Lufkin too.

Examiner Gutheim: And Peavy is between Lufkin and Blix?

Mr. Durham: Yes.

Examiner Gutheim: How much of a community is there at Blix?

Mr. Durham: Nothing much. There are a few farmers that live around there.

Examiner Gutheim: At Peavy is there any community to

2625 speak of?

Mr. Durham: There is a store there; a small farming settlement.

Examiner Gutheim: What is the situation at Vair?

Mr. Durham: There is nothing at Vair at all right at the station.

Examiner Gutheim: And at Neff?

Mr. Durham: That is a farm settlement.

Examiner Gutheim: Were any of those settlements there prior to the date the road was built through that country?

Mr. Durham: Yes, sir, I think there were.

Examiner Gutheim: How many?

Mr. Durham: Well, they are just about like they were before the road was built; there has been no particular change.

Examiner Gutheim: I say were they all there before the road was

built?

Mr. Durham: I am not sure about that; I think they were, though. Examiner Gutheim: Is any one of them or all of them the remains of former logging camps?

Mr. Durham: I do not think so.

Examiner Gutheim: Are there any industries that furnish any large amount of tonnage to the road at these points?

Mr. Durham: No, sir.

Examiner Gutheim: What is there at Diboll?

Mr. Durham: The Southern Pine Lumber Company has two sav-

Examiner Gutheim: Have they sawmills at any other point on the line?

Mr. Durham: No. sir.

Examiner Gutheim: And is the Southern Pine Lumber Company interested in the railroad?

Mr. Durham: Well, the stockholders are, some of them.

Examiner Gutheim: To what extent?

Mr. Durham: I think all the stockholders of the railroad company own stock in the lumber company except two, that own one share for the purpose of qualifying as directors, and the parties that own the controlling interest in the lumber company own the controlling interest in the railroad company.

Examiner Gutheim: Are the officers of the railroad and of the

lumber company substantially identical?

Mr. Durham: The President of the railroad is also President of the lumber company, and the Vice-President of the railroad is not an officer nor a stockholder in the lumber company, but he 2627 does some work for them.

Examiner Gutheim: Was the railroad built as an incorporated carrier, or was it originally built as a part of the investment

of the Southern Pine Lumber Company?

Mr. Durham: Now I am not sure about that; I think it was built as a logging road in the beginning.

Examiner Gutheim: About the same time that the first mill was

established at Diboll?

Mr. Durham: I do not know about that, but I presume it was.

Examiner Gutheim: What is the outstanding indebtedness of the road at the present time?

Mr. Durham: About \$365,000. Examiner Gutheim: All in stock?

Mr. Durham: No, sir.

Examiner Gutheim: How is it divided?

Mr. Durham: Oh, you mean including the stock? The capital stock is—

Examiner Gutheim: How much stock and how much bonds?

Mr. Durham: The capital stock is \$250,000 and there is \$238,-900 issued.

Examiner Gutheim: \$238,900 issued in stock?

Mr. Durham: Yes.

2628 Examiner Gutheim: How is the rest divided?

Mr. Durham: The biggest portion of it is carried in the form of a note held by the Southern Pine Lumber Company.

Examiner Gutheim: And about what is the cost of the road and

equipment?

Mr. Durham: I think the balance on June 30th was \$635,000.

Examiner Gutheim: How is the difference between that figure and the \$365,000 financed?

Mr. Durham: I misunderstood you. The capital stock of the company is \$250,000 and that \$365,000 that I spoke of is in addition to the capital stock; it is a liability.

Examiner Gutheim: What rate of interest, if any, is paid on the

balance due the lumber company?

Mr. Durham: Six per cent.

Examiner Gutheim: As a matter of fact does the railroad company carry any separate financial account, or is all of the taking in and paying out of the cash performed by the lumber company and simply charged and credited on the lumber company's books, and reversely on the railroad company's books?

Mr. Durham: No, sir, it is all carried by the railroad com-

2629 pany.

Examiner Gutheim: Has that always been so, or has the

system just recently been made to conform to that?

Mr. Durham: I think that that has been the custom for several years. I know it has been since I have been with the company, about two years and a half.

Examiner Gutheim: If I say that the Examiner who went over your books about a year ago this time gathered from them that the method was for the Southern Pine Lumber Company to support the railroad and pay its bills and that the railroad was credited with the freight charges, would that make you change the statement any?

Mr. Durham: Well, the freight that we handle for the Southern Pine Lumber Company is charged to them and we settle with them

once a month.

Examiner Gutheim: Is there an actual cash transaction?

Mr. Durham: No.

Examiner Gutheim: Or simply a credit to the account?

Mr. Durham: That is it.

Examiner Gutheim: So as a matter of fact if the railroad needs money and does not get it, the lumber company pays it off, and if there is a surplus it may be temporarily loaned to the lum-2630 ber company or applied on the debt?

Mr. Durham: If we need the money we get it from the

lumber company, and there has never been any surplus to give back to them.

Examiner Gutheim: The line is all standard gauge?

Mr. Durham: Yes, sir.

Examiner Gutheim: About what rail has it?

Mr. Durham: 56 and 60 pound.

Examiner Gutheim: Any station buildings at the various loca-

tions marked on the map as stations?

Mr. Durham: Yes, sir, we have a station building at Diboll, a small shed at Blix, a little station at Vair, one at Neff, and a shed at Peavy.

Examiner Gutheim: Is the Diboll station the property of the

Houston, East & West Texas?

Mr. Durham: No, sir, it is not. Examiner Gutheim: Is it in fact the general office of the Southern Pine Lumber Company?

Mr. Durham: No, sir.

Examiner Gutheim: About how much equipment have you at the present time?

Mr. Durham: We have 84 flat cars, 10 box cars, and 3 locomotives; we have another locomotive which will be de-2631 livered next month; a pile driver, a motor car and caboose, and one combination passenger and baggage car.

Examiner Gutheim: And that equipment is all furnished with

safety devices as required by the Federal Acts?

Mr. Durham: Yes, sir.

Examiner Gutheim: You have a telegraph or telephone service in connection with the road?

Mr. Durham: Telephone.

Examiner Gutheim: Used for dispatching trains?

Mr. Durham: Yes, sir. Examiner Gutheim: About how many men are there in the railroad service solely?

Mr. Durham: I think there are 55 now.

Examined Gutheim: Are the general office employés men who devote their entire time to the railroad work, or men who are jointly in the employ of the railroad and the Southern Pine Lumber Company?

Mr. Durham: They devote all their time to railroad work.

Examiner Gutheim: How much train service do you operate? Mr. Durham: We run a train from Diboll to Neff and return each day, and one from Diboll to Lufkin and return each 2632 day, except Sunday.

Examiner Gutheim: Are they passenger trains?

Mr. Durham: Mixed trains.

Examiner Gutheim: About how many passengers do you handle? Mr. Durham: Last year we handled something over 6000.

Examiner Gutheim: Do you handle any mail or express?

Mr. Durham: We handle express but no mail.

Examiner Gutheim: Can you furnish us with a statement of the total tonnage and revenue for the last fiscal year, and divide that between the total tonnage and revenue handled for the Southern Pine Lumber Company and that for the outside general public?

Mr. Durham: Yes, sir.

Examiner Gutheim: Will you file that statement in evidence?

Mr. Durham: I haven't it prepared here now; I can furnish it to

you.

Examiner Gutheim: It will be understood that will be furnished?

Mr. Durham: Yes. sir.

Examiner Gutheim: Is your passenger business done with tickets,

or all with cash fares?

Mr. Durham: Most of it is with tickets, sold at Lufkin and

2633 Diboll, and some is cash fare.

Examiner Gutheim: And you publish regular tariffs and file them with the Interstate Commerce Commission?

Mr. Durham: We do through our joint agents, yes, sir. Examiner Gutheim: Are there any local tariffs published?

Mr. Durham: We have one local tariff that is filed with the Inter-

state Commerce Commission.

Examiner Gutheim: Does that tariff make any provision for a charge on the hauling of logs for the Southern Pine Lumber Company?

Mr. Durham: No, it does not.

Examiner Gutheim: Those are hauled on a milling in transit basis?

Mr. Durham: No.

Examiner Gutheim: Are the logs hauled by the railroad?

Mr. Durham: Yes.

Examiner Gutheim: You mean they are hauled free?

Mr. Durham: No.

Examiner Gutheim: How is the compensation arranged?

Mr. Durham: We charge them \$2.50 a car for 10 miles and less, and \$3.00 a car for 10 miles and under 20 miles.

Mr. Greer: You said there was no tariffs. Is there not a local tariff which authorizes that charge?

Mr. Durham: Yes, sir, but it does not authorize any milling in

transit arrangement.

Examiner Gutheim: Does the rate on logs include any railroad operation in the woods service in connection with the logging?

Mr. Durham: No.

Examiner Gutheim: The woods service is all done with the power of the Southern Pine Lumber Company?

Mr. Durham: Yes, sir.

Examiner Gutheim: In the case of the mills at Diboll, does the Houston, East & West Texas take out the product with its own power?

Mr. Durham: No.

Examiner Gutheim: How much of a haul does the Texas Southeastern Railroad perform on that product?

Mr. Durham: It is simply a switching proposition for about 3000 feet or about 8000 feet.

Examiner Gutheim: What other connections do you have to which you deliver the product of those mills?

2635 Mr. Durham: We connect with the Houston, East & West

Texas and Lufkin and the Cotton Belt.

Examiner Gutheim: You make no deliveries at Lufkin, do you? Mr. Durham: We deliver 95 per cent of our stuff at Lufkin.

Examiner Gutheim: That is you take it from Diboll around through Blix over to Lufkin?

Mr. Durham: Yes, sir.

Examiner Gutheim: And deliver it to the Houston, East & West Texas there?

Mr. Durham: Yes, sir, we do. Examiner Gutheim: 95 per cent?

Mr. Durham: Yes, sir.

Mr. Greer: Not to the Houston, East & West Texas?

Mr. Durham: No, we do not do that with 95 per cent of our business. I mean 95 per cent of our business is handled through Lufkin either to the Cotton Belt or the Houston, East & West Texas, and of that I suppose the Cotton Belt gets 80 per cent or maybe more.

Examiner Gutheim: Do you mean the Houston, East & West Texas deliveries are made at Lufkin?

Mr. Durham: Some of them are, ves. sir.

Examiner Gutheim: A small proportion of them?

2636 Mr. Durham: Yes, sir.

Examiner Gutheim: And they get very little at Diboll?

Mr. Durham: Yes, sir, very little.

Examiner Gutheim: As a matter of fact could the Houston, East & West Texas take out the product of the Diboll mills with its own power?

Mr. Durham: They could not, no, sir, without going in on our

vards and tracks.

Examiner Gutheim: On the tracks of the railroad or the tracks of the Southern Pine Lumber Company?

Mr. Durham: No, the Southern Pine Lumber Company has no

tracks.

Examiner Gutheim: Have you any connections other than the Houston, East & West Texas and the Cotton Belt?

Mr. Durham: We connect with the Eastern Texas out at Neff and

the Groveton, Lufkin & Northern at Vair.

Examiner Gutheim: Is the Eastern Texas a Cotton Belt proposition?

Mr. Durham: I understand it is.

Examiner Gutheim: You make no deliveries to them at Neff?

Mr. Durham: No.

Examiner Gutheim: Does the Groveton, Lufkin & Northern get anything at Vair?

Mr. Durham: We handle a little business that way; not very much.

Examiner Gutheim: The haul from Diboll over to the Cotton

Belt and the Houston, East & West Texas and its connections at Lufkin is how long?

Mr. Durham: 17.5 miles.

Examiner Gutheim: From Diboll up to Neff is how long?

Mr. Durham: It is 17.8 miles.

Examiner Gutheim: Will you indicate generally the range of divisions which you get_from the connections that take out the

product of the Southern Pine Lumber Company?

Mr. Durham: On interstate business we get from the Cotton Belt four cents per 100 pounds on the lumber to all points where through rates are published, and on Texas business to points on their line where the rate is 12 cents or more we get 4 cents per 100 pounds, and to points beyond their line in Texas we get two cents per 100 pounds. On the Houston, East & West Texas most of our divisions are figured on a percentage basis, and I suppose the average is about two cents.

2638 Examiner Gutheim: You have through rates and divisions on classes and commodities with both the Cotton Belt and the Houston, East & West Texas?

Mr. Durham: Yes, sir.

Examiner Gutheim: Your divisions on lumber are not made on a milling in transit basis?

Mr. Durham: No, sir.

Examiner Gutheim: Are you making monthly and annual reports to the Interstate Commerce Commission?

Mr. Durham: Yes, sir.

Examiner Gutheim: And is the road a paying proposition?

Mr. Durham: It did not pay anything last year. We lost some \$2900.

Examiner Gutheim: Has it been paying in previous years?

Mr. Durham: I think they have considered it a paying proposition heretofore.

Examiner Gutheim: You have something in your surplus accounts?

unio:

Mr. Durham: Yes, sir.

Examiner Gutheim: About how much? Mr. Durham: I think it is \$59,000.

Examiner Gutheim: And that has been how long accruing?

Mr. Durham: Year before last we made \$15,000, and the balance of it was accumulated possibly in four or five years.

Examiner Gutheim: Are the general officers of the railroad paid

Examiner Gutheim: Are the general officers of the railroad paid any salaries?

Mr. Durham: Yes, sir.

Examiner Gutheim: How much is paid to each?

Mr. Durham: All of the salaries—my own salary is paid by the railroad company, and they pay the Vice-President \$100 a month and the Southern Pine Lumber Company also pays him something; I do not know just what. The President does not draw any salary from either company; he does not draw any from the railroad company anyhow. All the other employes are paid by the railroad.

Mr. Greer: But you are not paid anything by the lumber com-

pany, are you?

Mr. Durham: No, sir.

Examiner Gutheim: This Texas Southeastern is the line over which the Groveton, Lufkin & Northern has trackage rights between Vair and Lufkin?

Mr. Durham: Yes, sir.

Examiner Gutheim: And you get a considerable revenue out of those trackage rights?

Mr. Durham: Yes, sir, we get \$450 per mile per annum, and they also pay their proportion of the maintenance expense, that is arrived at on a car mileage basis.

Examiner Gutheim: That is simply the maintenance of way ex-

pense?

Mr. Durham: Yes, sir.

Examiner Gutheim: Is the Groveton, Lufkin & Northern connected in any way with the Texas Southeastern or the Southern Pine Lumber Company?

Mr. Durham: No.

Examiner Gutheim: Or is it a branch of any carrier line in that locality?

Mr. Durham: Not that I know of. I do not think it is.

Examiner Gutheim: That is all.

Mr. Greer: Mr. Durham, what kind of a depot building have you

at Diboll?

Mr. Durham: We have got a two story station there that has got a waiting room for white people and colored people, a ticket office and a wareroom and platform. And the upstairs is used for the general office of the Texas Southeastern.

Mr. Greer: Has the Southern Pine Lumber Company any interest

in that building?
2641 Mr. Durham: No.

Mr. Greer: What was the cost of it?

Mr. Durham: I do not know, I think it cost probably about \$800 or \$900.

Mr. Greer: State what other employés are at work in that building outside of yourself?

Mr. Durham: Well, we have a local agent and a timekeeper there

and a bookkeeper and auditor of the company.

Mr. Greer: Are those people in any way employed by the Southern Pine Lumber Company?

Mr. Durham: No, sir, they are not.

Mr. Greer. You spoke of your Vice President. Who is he?

Mr. Durham: J. E. Mitchell.

Mr. Greer: In what capacity does he serve this railroad?

Mr. Durham: As chief engineer.

Mr. Greer: He is not an officer in the Southern Pine Lumber Company?

Mr. Durham: No, sir.

Mr. Greer: And if the Southern Pine Lumber Company employs him it is in what capacity, as a surveyor or engineer?

Mr. Durham: As a surveyor, and he looks after their lands and timbers.

2642 Mr. Greer: Referring to those tracks, has the H. E. &

W. T. any tracks into your lumber yards or mill?

Mr. Durham: No.

Mr. Greer: I mean the mill of the Southern Pine Lumber Com-

Mr. Durham: No.

Mr. Greer: It could not get into your yards except over the trackof the Texas Southeastern?

Mr. Durham: No, sir, it could not.

Mr. Greer: What company owns the various switch tracks that penetrate your lumber yards there?

Mr. Durham: The Texas Southeastern Railway Company. Mr. Greer: The lumber company does not own them?

Mr. Durham: No, sir. Mr. Greer: What character of track have you? Mr. Durham: We think we have a very good track.

Mr. Greer: How does it compare with the tracks of the trunk line railroads in that portion of the state?

Mr. Durham: Well, it is better than some of them, and I think

it is as good as the average.

Examiner Burdmore: Take a concrete comparison; how does it compare with the line of the Groveton, Lufkin & Northern? 2643 Mr. Durham: They have 60 pound rail on all their lines.

and part of ours is 76, but outside of that I think it is pretty much the same class of road.

Examiner Burchmore: We are pretty well informed with respect to that company. You would say your company ought to be regarded as having about the same quality of road?

Mr. Durham: Yes, sir.

Mr. Greer: On that subject, has your track ever been inspected by the Railroad Commission through its engineer?

Mr. Durham: Yes, sir. Mr. Greer: And valued? Mr. Durham: Yes, sir.

Mr. Greer: It is the duty of the Railroad Commission of Texas to put a valuation on all the railroads that are recognized by the Commission, is it not?

Mr. Durham: I think so.

Mr. Greer: And in addition to that can you state whether or not the company filed an application for authority to issue bonds in which it fully and minutely described its tracks, under a sworn statement?

Mr. Durham: Yes, sir.
Mr. Greer: Did the Commission's engineer, pursuant to 2644 his duties, under that application make an investigation and value it in that connection also?

Mr. Durham: Yes, sir.

Mr. Greer: In this connection we will read the valuation of the road as placed on it by the Railroad Commission of Texas. I read from page 389 of the 18th Annual Report of the Railroad Commission of the State of Texas. The heading is: Summary of valuations of railroads as ascertained by the Railroad Commission of Texas in accordance with the requirements of Article 4584-C Statutes of Texas. up to October 31st, 1909. The Texas Southeastern, date of report of value October 4th, 1909. Mileage 27.07 miles.

Roadbed and so forth (mileage sheet A) General property	56,123.96
Total value	\$536,393.34
Average per mile	19,815.05

From your knowledge of the road what would you say as to whether or not that represents a fair and conservative value of the road and its equipment?

Mr. Durham: I think that is a very conservative estimate; I do not think the Railroad Commission ever makes any other

2645 kind.

Mr. Greer: This is from an actual inspection of the road by the engineer?

Mr. Durham: Yes, sir.

Examiner Burchmore: What is that valuation per mile?

Mr. Greer: \$19,815.05.

Examiner Burchmore: What is the valuation placed on the

Groveton, Lufkin & Northern?

Mr. Garwood: It is over \$20,000. I will ask to read it right in that same connection. \$23,016.40 per mile as shown on page 387 of the 18th Annual Report. That includes the equipment, however.

Examiner Burchmore: Is the difference in valuation partly explained by equipment, or are there some expensive bridges or is it the difference in the weight of rail, perhaps?

Mr. Garwood: Difference in weight of rail would be one.

Examiner Burchmore: It is not important to reconcile that difference, however.

Mr. Greer: What percentage of your railroad is laid with 60

pound and what part with 56 pound rail?

Mr. Durham: At the present time there are 11½ miles that are laid with 60 pound rail, but when that valuation was made there were only about 2½ miles of 60 pound and the other was 56.

Mr. Greer: Then have you laid that rail since? Mr. Durham: Yes, sir, we have laid nine miles.

Mr. Greer: In the last year you have laid something like nine miles of 60 pound rail?

Mr. Durham: Yes, sir.

Mr. Greer: Are those rails new?

Mr. Durham: Yes, sir.

Mr. Greer: Purchased by whom?

Mr. Durham: By the Texas Southeastern Railroad Company.
Mr. Greer: Referring to this track, is it ballasted in any way?
Mr. Durham: No, sir, except in a few places it is ballasted with cinders; it is just an ordinary dirt roadbed.

Mr. Greer: As compared with the Houston, East & West Texas and the M. K. & T., is it as good a roadbed as either of those?

Mr. Durham: I think it is as good or better.

Mr. Greer: Or the Cotton Belt?

Mr. Durham: Well, than their lines in that section. Mr. Greer: What kind of logging cars are those you use?

Mr. Durham: They are standard flat cars.

Mr. Greer: Are they equipped with safety appliances?
Mr. Durham: Yes, sir.

Mr. Greer: Why is that?

Mr. Durham: Well, that is on account of the Texas law requiring common carriers to equip their cars with certain safety appliances such as air brakes and automatic couplers. They do not except cars that are in logging service.

Mr. Greer: They do not except those?

Mr. Durham: No.

Mr. Greer: Have your locomotives got the electric headlights?

Mr. Durham: Yes, sir.

Mr. Greer: That is required by the Texas Commission?

Mr. Durham: Yes, sir.

Mr. Garwood: We answered the question generally yesterday that we complied with all the Texas laws with reference to the L. & N. I supposed the Commission understood it included electric headlights and all.

Examiner Burchmore: I would not go into the details of that

compliance. I do not think it is important.

Mr. Greer: Let me put a general question. Do you comply with all the state and Federal laws on the subject of safety 2648 appliances?

Mr. Durham: Yes, sir.

Mr. Greer: Generally, and do you attempt to comply with all the laws as applied to common carrier railroads?

Mr. Durham: Yes, sir.

Mr. Greer: Both Federal and state?

Mr. Durham: Yes, sir.

Mr. Greer: Do you publish and file with the Interstate Commerce Commission your tariffs?

Mr. Durham: Yes, sir.

Mr. Greer: Do you publish any local intrastate tariffs? Mr. Durham: Yes, sir, I have already answered that.

Mr. Greer: These joint rates and through routes are published with your concurrence?

Mr. Durham: Yes, sir.

Mr. Greer: You concur in them?

Mr. Durham: Yes, sir.

Mr. Greer: Do you participate in any joint rates with the Texas Railroads on intrastate shipments?

Mr. Durham: Yes, sir.

Mr. Greer: Those authorized by the State Commission?

Mr. Durham: Yes, sir.

Mr. Greer: State whether or not your road has ever been recognized by the State Commission of Texas?

Mr. Durham: It has.

Mr. Greer: Was that done after an investigation or not?

Mr. Durham: Yes, sir.

Mr. Greer: State whether or not it has been easy or difficult to get recognition in Texas?

Mr. Durham: We found it a very difficult proposition over there, Mr. Greer: In this connection I wish to read the Commission's order on the subject on page 214 of the annual report for 1909, in the matter of the application of the Texas Southeastern Railroad for recognition by this Commission as a common carrier of freight and passengers, with the duties and privileges incident thereto, as prescribed by law——

Examiner Burchmore: Is that order similar to the one Mr. Gar-

wood read yesterday?

Mr. Greer: Yes, sir.

Examiner Burchmore: I do not believe I would read it. I think the title is enough.

Mr. Greer: It may be stated that it was granted on formal

2650 application.

Examiner Burchmore: Yes.

Mr. Greer: And after an investigation by the Commission. We will refer to page 214 of the 18th Annual Report of the Railroad Commission for the State of Texas for 1909 for the order of the Commission recognizing this road. What facilities have you at Lufkin?

Mr. Durham: We use the terminals of the Cotton Belt System.

Mr. Greer: Under what arrangement?

Mr. Durham: We pay them a monthly rental for the privilege of using their depot and tracks.

Mr. Greer: Is the contract on file with the Commission?

Mr. Durham: I do not know whether it is or not. I think it is.
Mr. Greer: You use their depot facilities too?

Mr. Durham: Yes, sir.

Mr. Greer: What about the agent?

Mr. Durham: He is agent for our company, a joint agent.

Mr. Greer: What other facilities do you have for taking care of freight and passengers at the other station on your line?

Mr. Durham: We have an unloading track at Peavy, a spur; we have unloading tracks at Diboll and Neff, I believe that is all.

Mr. Greer: Have you any buildings at any of these places?

Mr. Durham: We have the station buildings and platforms I mentioned before.

Mr. Greer: You have mentioned those?

Mr. Durham: Yes.

Mr. Greer: Do you haul logs for the Southern Pine Lumber Company?

Mr. Durham: Yes, sir.

Mr. Greer: Free, or do they pay you?

Mr. Durham: They pay us \$2.50 a car for 10 miles and less, and \$3.00 for 10 miles and under 20 miles.

Mr. Greer: I believe you stated that?

Mr. Durham: Yes.

Mr. Greer: And that is under a published tariff?

Mr. Durham: Yes, sir.

Mr. Greer: You have no milling in transit?

Mr. Durham: No. sir.

Mr. Greer: I understood you to say that the finished prod-2652 uct, the lumber which you transport, is 95 per cent of it handled through Lufkin?

Mr. Durham: Yes, sir.

Mr. Greer: And only about five per cent at Diboll?

2653 Mr. Durham: Yes, sir.

Mr. Greer: Then that gives you over 17 miles' haul on the finished product?

Mr. Durham: Yes, sir.

Mr. Greer: What road furnishes you the best facilities for reaching the Mississippi gateways?

Mr. Durham: The St. Louis Southwestern, Cotton Belt Road. Mr. Greer: Where is the major part of your market?

Mr. Durham: I do not know whether the major part goes through the Mississippi gateways or not; a large portion of it does go that way; I know that.

Mr. Greer: Does the St. Louis Southwestern reach the Mississippi

gateways by one line or a number of lines?

Mr. Durham: Well, that system reaches the gateways direct from Lufkin.

Mr. Greer: From what sources do you derive your freight at present, and what prospective sources have you that you can reasona-

bly rely on in the future?

Mr. Durham: Well, we handle the business of the Southern Pine Lumber Company, logs and lumber, and we handle merchandise and various freights for stores at Diboll, a little store at Peavy, and we are putting in a track now to handle 1,200 or 1.500

2654 cars of logs for a saw mill at Lufkin, and also we are going to handle the output of a brick plant that is being established on our line about three miles from Lufkin.

Mr. Greer: Is it a branch line from Blix to Lufkin?

Mr. Durham: It is located on that line; yes, sir.

Mr. Greer: Did the Southern Pine Lumber Company own any timber on that branch line running up to Lufkin at all?

Mr. Durham: They may have owned a few small tracks, but— Mr. Greer: Wat it a considerable or inconsiderable quantity, if any?

Mr. Durham: Very small.

Mr. Greer: Was the object of building that line to use it to transport logs into that mill, could it have had any such object?

Mr. Durham: No. I think not.

Mr. Greer: No logs there belonging to the Southern Pine Company to transport?

Mr. Durham: No.

Mr. Greer: The logs on that line are going to be transported to what place?

Mr. Durham: Lufkin.

2655 Mr. Greer: By the railroad for another mill?

Mr. Durham: They are.

Examiner Burchmore: As a matter of fact, did you not build to Lufkin in order to get another outlet to the market?

Mr. Durham: Yes, sir.

Mr. Greer: How large a town is Lufkin?

Mr. Durham: It has five or six thousand people, I think.

Mr. Greer: It has banks? Mr. Durham: Yes, sir.

Mr. Greer: And various mercantile establishments and so on?

Mr. Durham: Yes, sir.

Mr. Greer: How large a town is Diboll?

Mr. Durham: About 1,500.

Mr. Greer: Are there any other interests there besides the Southern Pine Lumber Company's mill?

Mr. Durham: No manufacturing concerns.
Mr. Greer: Any mercantile establishments?
Mr. Durham: There are several other stores.

Mr. Greer: How many people? Mr. Durham: About 1,500.

Mr. Greer: These other stores you speak of, has the South-2656 ern Pine Company any interest in them?

Mr. Durham: No.

Mr. Greer: I believe you spoke of a brick yard to be located; is it in process of construction now?

Mr. Durham: Yes, sir.

Mr. Greer: How far from Lufkin? Mr. Durham: That is about three miles. Mr. Greer: Dependent on your road?

Mr. Durham: Yes, sir.

Mr. Greer: How is that country adapted to agricultural purposes, after the timber is cut off?

Mr. Durham: Well, it is the ordinary east Texas country.

Mr. Greer: Well, don't speak of east Texas country as being ordinary. Is it not extraordinary?

Examiner Burchmore: Mr. Garwood got a full description of this country into the record. Is your country any different than his?

Mr. Durham: No, it is practically the kind of country that Mr. Anderson described, testifying for the Groveton, Lufkin & Northern. Examiner Burchmore: Is that correct substantially?

Mr. Durham: I think so substantially.

Mr. Greer: Do you carry express?

Mr. Durham: Yes.

Mr. Greer: Do you interchange cars with trunk line railroads?

Mr. Durham: Yes.

2657

Mr. Greer: It is interchanged on a mileage basis?

Mr. Durham: Per diem basis.

Mr. Greer: Is demurrage paid your railroad by the Southern Pine Lumber Company?

Mr. Durham: Yes, sir.

Mr. Greer: You own your own right of way?

Mr. Durham: Yes, sir.

Mr. Greer: What is its width?

Mr. Durham: 100 feet.

Mr. Greer: Have you any expensive construction on your road in the way of bridges or fills or cuts, or anything of that sort?

Mr. Durham: We have a bridge across the Noches River, I think

it is about 1.841 feet long.

Mr. Greer: Any other considerable expensive construction?

Mr. Durham: That is the main bridge we have, the biggest one we have. We have two miles of line on the Lufkin Branch that was very expensive; I do not know just what it cost per 2658

Mr. Greer: Well, approximate it.

Mr. Durham: I should say about \$30,000 a mile.
Mr. Greer: That is on the branch on which the Southern Pine owns no timber?

Mr. Durham: Yes, sir.

Mr. Greer: Do you issue bills of lading? Mr. Durham: Yes, sir.

Mr. Greer: And way bills?

Mr. Durham: Yes, sir.
Mr. Greer: Do you issue bills of lading both state and interstate?

Mr. Durham: Yes.

Mr. Greer: Do you have any considerable intrastate business?

Mr. Durham: I think it is about 20 per cent, I suppose, of our total business.

Mr. Greer: I believe you stated you have a division of rates on

Mr. Durham: Yes, sir.

Mr. Greer: How do your divisions compare with the local Commission rate authorized by the railroad Commission of Texas for similar service?

Mr. Durham: Our local rate on lumber intrastate from

Diboll to Lufkin would be five cents per 100 pounds.

Mr. Greer: And you get just four cents division interstate?

Mr. Durham: We get four cents interstate, yes, sir.

Examiner Burchmore: You sometimes get a higher division than four cents?

Mr. Durham: Yes, sir; that is only on Texas business. To competitive points on the Sunset Central lines, where the rate is 18% cents or more, we get five cents.

Mr. Greer: On what class of business?

Mr. Durham: On business to points on the Sunset Central lines. where the rate is 18% cents or more, to competitive points, we get five cents.

Mr. Greer: Is that local state business?

Mr. Durham: Yes, sir, that is state business.

Mr. Greer: That is intrastate? Mr. Durham: That is intrastate.

Examiner Burchmore: You formerly got as much as five cents and I think a little more on certain interstate traffic in lumber?

Mr. Durham: Not since I have been with the company. Examiner Burchmore: Did not the Cotton Belt formerly 2660 give you 25 per cent of their joint through rate on lumber?

Mr. Durham: No.

Examiner Burchmore: Perhaps I cannot read the division sheet right, or perhaps this is in error. Here is St. Louis Southwestern in connection with the St. Louis Southwestern of Texas, a division sheet issued June 3, 1908, and bearing No. 1416-

Mr. Durham: That applies, I think, on classes and commodities

from the Cotton Belt to our line.

Examiner Burchmore: It says basis for dividing through rates on freight traffic except coal, coke, carloads, and cotton; it does not say except lumber, between St. Louis, Kansas City, East St. Louis, Cairo. and so forth, describing a large territory, to all stations on the Texas Southeastern Railroad, per cents between all stations on the Texas Southeastern and New Orleans, Vicksburg and other stations, 75 per cent to the St. Louis Southwestern and connections and 25 per cent to your company. Perhaps I read this wrong, but I do not understand it.

Mr. Durham: We are sure we do not get it.

Examiner Burchmore: You never got any percentages on lumber? 2661

Mr. Durham: No, sir.

Mr. Cowan: I guess there is a special division sheet on lumber that applies to it, although it is not noted as being an exception on that.

Mr. Durham: Yes, sir.

Mr. Greer: That is on southbound business?

Mr. Durham: That division sheet applies between, but I know we have gotten four cents interstate from the Cotton Belt for a long time; no more and no less.

Examiner Burchmore: If that is your statement, it can be verified

from the division sheets themselves. Mr. Durham: Yes, sir.

Mr. Greer: You run your trains on regular schedule?

Mr. Durham: Yes, sir.

Mr. Greer: Have you stated about the number of passengers last year?

Mr. Durham: Yes.

Mr. Greer: You have scales for weighing freight?

Mr. Durham: Track scales; yes, sir.

Mr. Greer: And have you stated your daily passenger service?

2662 Mr. Durham: Yes.

Mr. Greer: Did you give the total number of employees?

Mr. Durham: Yes.

Examiner Burchmore: They are itemized in the annual reports. Mr. Greer: Well, do you transport all freight and passengers that are offered?

Mr. Durham: Yes.

Mr. Greer: You treat everybody alike, or endeavor to do so?

Mr. Durham: Yes.

Mr. Greer: Is the road put there as a permanent road?

Mr. Durham: Yes.

Mr. Greer: Is there any prospective extension of that road?

Mr. Durham: I do not think there is any that will be made in the very near future; possibly later on the road will be extended to Palestine, but I do not think that will be for several years.

Mr. Greer: Then you are not relying altogether on your inten-

tion; it is what you are?

Mr. Durham: No, sir.

Mr. Greer: Do you keep separate accounts and make reports?

Mr. Durham: Yes, sir.

Mr. Greer: With regard to some question asked you about the accounts between you and the Southern Pine Lumber Company, I want to know if your business is kept entirely separate from the Southern Pine Lumber Company.

Mr. Durham: Oh, yes.

Mr. Greer: And when you transport freight for another, do you collect it or does the Southern Pine Lumber Company?

Mr. Durham: We collect it.

Mr. Greer: Have you a bank account?

Mr. Durham: Yes, sir.

Mr. Greer: You pay your own debts, and the Southern Pine Company does not pay your debts?

Mr. Durham: We pay all of our own accounts at our own bank;

they have a separate bank account at another bank.

Mr. Greer: Have you received the usual recognition in Texas that is accorded railroads in Texas in the way of damage claims?

Mr. Durham: Yes, sir.

Mr. Greer: You have had to respond in that particular, have you?

Mr. Durham: Yes, sir.

Mr. Greer: With reference to the officers, is there any officer in your company outside of the president who is an officer in the Southern Pine Lumber Company?

Mr. Durham: There is not.

Mr. Greer: He is the sole officer common to the two?

Mr. Durham: Yes, sir.

Mr. Greer: Is the president active in the management of the road? Mr. Durham: Yes, sir; that is, I do not know that you would say he is active, either. He is-

Mr. Greer: Who is general manager?

Mr. Durham: I am.

Mr. Greer: You are general manager?

Mr. Durham: Yes.

Mr. Greer: State the other officers.

Examiner Burchmore: Let us leave out those details. He has given the statement. We know who they are. We have them all on file with the Commission, and he has stated they are not officers of the lumber company.

Mr. Greer: I believe that is all.

Mr. Garwood: I would like to ask one question. Is it not a fact that in order to conform the grade of the Texas Southeastern to the

maximum one per cent of the Groveton, Lufkin & Northern
2665 before this trackage agreement was entered into that your
railroad spent perhaps \$50,000 on that part of it between
what you call the Lufkin Branch from Vair to Lufkin?

Mr. Durham: They made some improvements there, Judge; I

don't know just what they cost.

Mr. Greer: State whether it was considerable.

Mr. Anderson: I don't know the cost, but when we made our survey, I know we practically paralleled 13 miles of this road, and the owners of the road came to us and made a proposition for us to use their road under a trackage agreement, and one of the conditions in making that lease was that they reduced two or three grades that then existed to one per cent, so they would conform to ours, and I think that the manager who preceded Mr. Durham told me that it would cost about \$50,000. I am not clear about that. I know they worked all winter there with a steam shovel doing that work, and our engineer checked it before we entered into the contract, so that their grades between Vair and Lufkin conform to ours.

Mr. Greer: Have you appointed an agent at Washington to rep-

resent you under the recent act of Congress?

Mr. Durham: Yes, sir. Mr. Greer: Who is it?

Mr. Durham: C. N. Osgood.

2666 Mr. Greer: I offer this map showing the switch terminals.

(The map so offered and identified was received in evidence and thereupon marked Texas Southeastern Exhibit No. 2, witness Durham, received in evidence December 16, 1910, and is attached hereto.)

Examiner Burchmore: Before we proceed in respect to this company, it seems advisable, because of the representations made by the parties who seem to desire postponements in some of the cases, and because of the heavy calendar there is ahead of us here, to postpone the following cases for hearing at a later date to be fixed by the Commission:

Gulf & Sabine River Railroad. Louisiana Central Railroad.

Mansfield Railway & Transportation Company.

Sabine & Eastern Railway.

Nacogdoches & Southeastern Railroad.

Louisiana & Pine Bluff.

Red River Valley Railroad.

Are there any other companies in which it will be impossible for the witnesses or counsel to be heard Monday?

Mr. Garwood: There are two cases that I direct your Honor's attention to that cannot stay over, the Alabama road, the 2667 Washington & Choctaw.

Examiner Burchmore: The Washington & Choctaw will

go over.

Mr. Garwood: Mr. Greer of the Mangham & Northeastern cannot remain over until Monday, and he would like for his case to be added to the postponed list.

Examiner Burchmore: I think that that case can probably be

reached tomorrow.

Mr. Garwood: Can you remain over until tomorrow?

Mr. S. R. Greer: I do not believe I can, if it is possible to be postponed.

Examiner Burchmore: Where is that road?

Mr. S. R. Greer: It is in the northeastern part of this state, and connects with the old New Orleans & Northwestern part of the Iron Mountain.

Examiner Burchmore: Who controls it?

Mr. S. R. Greer: The Stuart Greer Lumber Company.

Examiner Burchmore: Does it receive divisions of the joint rate at the present time?

Mr. S. R. Greer: Yes, sir.

Examiner Burchmore: Were those divisions cancelled recently?

Mr. S. R. Greer: Yes, sir.

Examiner Burchmore: And the order was suspended by the Commission?

Mr. S. R. Greer: Yes, sir.

Examiner Burchmore: I would prefer not to postpone it at this moment, but I will see about it a little later.

Mr. S. R. Greer: I would like to get away on the 7:15 tonight. Examiner Burchmore: I do not suppose you could secure unanimous consent to take it up out of order.

Mr. Andrews: He could secure unanimous consent to postpone it.

Mr. S. R. Greer: Yes.

Examiner Burchmore: On what ground? Mr. S. R. Greer: I cannot stay over. Examiner Burchmore: It is impossible? Mr. S. R. Greer: Practically so; yes, sir.

Examiner Burchmore: You are the only witness for that company?

Mr. S. R. Greer: Yes, sir.

Examiner Burchmore: It would not be possible to have some one else here Monday?

Mr. S. R. Greer: No, it would not.

Examiner Burchmore: Where can your case be heard later?

Mr. S. R. Greer: In St. Louis, Kansas City or Chicago.

Examiner Burchmore: Then it will be understood that the

Mangham & Northeastern will also go over.

Mr. Walter: Will there be a hearing here as late as Wednesday? Examiner Burchmore: There will not, unless there is some com-

pany who absolutely demands a hearing.

Mr. Walter: Could you give us an idea which cases will be reached

today and tomorrow?

Examiner Burchmore: The remaining cases I have on my calendar, which may, however, be incomplete, are in this order, being in the same order they have stood from the beginning:

The Thornton & Alexandria, The De Queen & Eastern,

Galveston, Beaumont & Northeastern-

I am omitting the roads that are postponed-

The Loring & Western, which seems not to be present,

The Louisiana & Eastern Railway, which has not answered,

The Missouri & Louisiana Railroad, which is ready for hearing, The Sabine & Northern Railroad, also ready for hearing.

The Blytheville, Burdette & Mississippi River, which is

2670 ready for hearing tomorrow,

The Wilson Northern Railroad, of which the same is true,

The Manila & Southwestern,

Peach River & Gulf.

Beaumont & Saratoga Transportation Company, which has not answered,

Riverside & Gulf Railway,

Beaumont & Great Northern, which has not answered, Livingston & Southeastern, which is not present.

Mr. Garwood: The Beaumont & Great Northern has a case pending—

Examiner Burchmore: I think they may be regarded as being off

this docket, but not as out of the case.

The Moscow, Camden & San Augustine. Now, counsel in that case have been here for ten days, and they want very badly to be heard, and I think they are inclined to ask unanimous consent.

Mr. Garwood: If your Honor would entertain a motion to that

effect, I would make it.

Mr. Sargent: I have been here for ten days, and then some, and I have been on the head of the list, and I have got to go home by Monday. My road is the Missouri & Louisiana.

2671 Examiner Burchmore: You will be heard tomorrow surely.

The Caro, Northern, Trinity Valley & Northern,

Jefferson & Northwestern, which seems not to be present.

Gideon & North Island Railroad,

Memphis, Dallas & Gulf.

At this point allow me to say that my attention has been called to a clipping of the Chicago Record-Herald of recent date and reading as follows, and it is perhaps well to get it in the record, although it may be a mere newspaper report:

"The Little Rock Board of Trade announces that the Rock Island proposes to take over the Memphis, Dallas and Gulf Railroad, which is now in operation from Ashton (Ashdown), on the Kansas City

Southern, via Nashville to Murfreesboro, Pike County."

Eldorado & Wesson, Fordyce & Princeton, North Louisiana & Gulf, Ouachita Valley,

Natchez, Ball & Shreveport-

Mr. Walter: Let me make one more request. I notice at the last

is the El Dorado & Wesson, the Fordyce & Princeton, the 2672 North Louisiana & Gulf, and Ouachita Valley. If all those other cases are heard, they cannot be heard before Monday

night. Cannot those possibly go over?

Examiner Burchmore: I have felt that possibly it would not be wise to announce definitely whether we would conclude tomorrow but we will start tomorrow morning and plug ahead as hard as we can, and by the middle of the afternoon we will know where we stand and can come to a final conclusion whether we will adjourn until Monday or adjourn indefinitely.

Mr. Coleman: Some railroads are insisting upon being heard immediately. The Wilson Northern will change places with them if

that is agreeable.

Mr. Gautney: I observe from the list you called there that my case is perhaps the tenth or twelfth case.

Examiner Burchmore: What road?

Mr. Gautney: The Manila & Southwestern, and it seems from the rate of procedure, it will be impossible to reach that case during this hearing, and either at Kansas City, St. Louis or Chicago we would prefer it to go over.

Examiner Burchmore: Your case is coming up tomorrow.

Mr. Gautney: I am afraid not.

Examiner Burchmore: It is going to be called tomorrow.

2673 I cannot promise more than that.

Mr. Gautney: If it is called, we will be here and try it.

Examiner Burchmore: I have it marked for Saturday, with the expectation it will be called on Saturday.

Mr. Gautney: Well, we will be here.

Examiner Burchmore: Is there any further examination of this witness?

Mr. Andrews: I have not quite understood, Mr. Durham, the method of your logging operations. Your mill is located at Diboll?

Mr. Durham: Yes, sir.

Mr. Andrews: Originally your tram roads were thrown out to the timber, that was the original movement?

Mr. Durham: Yes, sir.

Mr. Andrews: Subsequently you became incorporated?

Mr. Durham: Yes, sir.

Mr Andrews: Was that before or after you built what you call the Lufkin Branch?

Mr. Durham: That was before we built the Lufkin Branch.

Mr. Andrews: You became incorporated, then, when you had the road down to that junction point with these two branches; what do you call it, Blix?

Mr. Durham: Yes, sir, I think they were incorporated before they built that road.

Mr. Andrews: Before they built which road?

Mr. Durham: From Diboll to Blix.

Mr. Andrews: I thought that was the first one you built.

Mr. Durham: No, sir, the line from Diboll to Blix was built by the Texas Southeastern.

Mr. Andrews: What was the road which was built before the incorporation of the line, do you think?

Mr. Durham: I think the Southern Pine Lumber Company had

a tram road, that ran east from Diboll.

Mr. Andrews: Where are your logging operations with reference to Blix, that is, the junction point of the two branches, is it not?

Mr. Durham: Yes, sir; they are directly west of there.

Mr. Andrews: And beyond from Diboll?

Mr. Durham: Yes.

Mr. Andrews: There the lumber company's trams spread out to the lumber?

Mr. Durham: They leave the main line at Vair; that is three

miles west of Blix.

Mr. Andrews: Does the railroad company have anything to do at all with the logging operations, the leasing of equipment or otherwise, or the movement of cars on the train lines, prior to the delivery of the loaded car on the railroad track?

Mr. Durham: The way they are handling the log business now, the lumber company loads the logs and delivers them to the railroad

company.

Mr. Andrews: At what point?

Mr. Durham: At a place called Gibson.

Mr. Andrews: Where is that with reference to the railroad track?
Mr. Durham: That is about five miles west of Vair on the Southern Pine Company's tram line.

Mr. Andrews: Then your engines go out there and take them?

Mr. Durham: Yes.

Mr. Andrews: Does the lumber company lease any equipment from the railroad company, or the railroad company any from the lumber company?

Mr. Durham: No.

Mr. Andrews: No interchange of equipment?

Mr. Durham: No, except occasionally for a day or two in case of

accident they might borrow an engine.

Mr. Andrews: And for these train hauls you speak about you get a compensation which includes the service of going in on the tram road?

Mr. Durham: Yes.

Mr. Greer: I did not catch that.

Mr. Andrews: He has stated what the compensation was to the railroad for the log haul and I asked him if it included going in on the tram line for the cars, which he has just stated it did.

Mr. Andrews: Did you compute the tram line mileage as part of

the mileage in fixing the amount to be charged for a car?

Mr. Durham: Yes, sir.

Mr. Andrews: Does the railroad company charge the lumber company demurrage on cars under any conditions?

Mr. Durham: Yes, sir.

Mr. Andrews: Under what conditions?

Mr. Durham: Well, they charge them demurrage under the rules

that the Railroad Commission of Texas prescribe; that is, 48 hours free time, excluding Sundays and holidays.

Mr. Andrews: Whose cars are used to load the logs on?

Mr. Durham: The Texas Southeastern.

Mr. Andrews: Do you charge demurrage on those cars in the woods?

Mr. Durham: Well, if they detain them we do; yes, sir. 2677 Mr. Andrews: And do you collect the demurrage?

Mr. Durham: Yes, sir.

Mr. Andrews: And you handle on the per diem basis as between the railroad company and other railroads?

Mr. Durham: Yes, sir.

Mr. Andrews: Now, what free time is allowed, the Texas Commission's rules on free time?

Mr. Durham: Do you mean on the demurrage?

Mr. Andrews: Yes.

Mr. Durham: Yes, sir.

Mr. Andrews: You adhere to that? Mr. Durham: Yes, sir.

Mr. Andrews: You spoke a while ago of a debt of \$365,000 that the railroad company owed. Does it own it to the lumber company?

Mr. Durham: Yes, sir.

Mr. Andrews: How long has it owed it? Mr. Durham: I think they have been owing the lumber company for quite a number of years, probably ever since the road was organized.

Mr. Andrews: Do you pay interest on it?

Mr. Durham: Yes, sir. Mr. Andrews: How often? 2678

Mr. Durham: It is about every six months, I think.

Mr. Andrews: Do you do that by bookkeeping or by actual money over the counter?

Mr. Durham: It is a bookkeeping transaction. Mr. Andrews: And you do it by bookkeeping.

Mr. Durham: Yes, sir.

Mr. Andrews: And that is a matter of charging the respective companies according to their accrued liabilities on the books of each company?

Mr. Durham: Yes, sir.

Mr. Andrews: You stated that you had a surplus of \$59,000.

Mr. Durham: Yes, sir.

Mr. Andrews: That is money, I presume?

Mr. Durham: No, sir.

Mr. Andrews: And not in accounts? Mr. Durham: No, sir, it is not in money. Mr. Andrews: Explain that please, sir. Mr. Durham: I do not know that I can.

Mr. Andrews: Give any definite explanation of it. I will put it in this way, if it is only in credits and not in money, against whom are those credits, or against whom are the debits, I 2679

should say, made?

Mr. Durham: The debits are made against the road and equip-

ment and property that they own.

Mr. Andrews: You mean, then, that this theoretical accumulation of a \$59,000 surplus is a paper accumulation of profits, all of which have actually gone into the railroad; is that the way you mean to put it?

Mr. Durham: Yes, sir, I think that is correct.

Mr. Andrews: There is no money on hand, but it is represented by investment?

Mr. Durham: Yes, sir, very little money.

Mr. Andrews: And not by credits?

Mr. Durham: No, sir. Mr. Andrews: When you deliver to the H. E. & W. T. from the Diboll mill, what is the purpose in carrying it to Lufkin instead of making the delivery at Diboll?

Mr. Durham: We handle some of our business, about five per

cent, at Diboll.

Mr. Andrews: I understand that, but-

Mr. Durham: But it is on account of the location of the tracks there; they have a track which will only hold about four cars, and they use that for unloading merchandise and load-

ing ties, and just at the end of their track on our track the store and ice house of the Southern Pine & Lumber Company is located, and it is pretty hard to get that business through there without a whole lot of switching, and we run a regular train to Lufkin, and we figure that as a rule we can handle it by Lufkin better than we can by Diboll.

Mr. Andrews: Would it not be a good deal cheaper to build a better interchange track than to carry that equipment and loaded

ears around from day to day?

Mr. Durham: Yes, sir; that is a better proposition, and it would be pretty hard to make a better connection in the way the plant and everything is located, but it would be better for us if we could de-

liver that business to them there.

Mr. Andrews: Did it not really grow up under the condition of the desire on the part of the railroad company and on the part of its connections to start in with some haul on the finished product. instead of merely delivering it as a switch proposition; is not that really the way it grew up?

Mr. Durham: You mean handling it by Lufkin?

Mr. Andrews: Yes.

Mr. Durham: No. I don't think so.

2681 Mr. Andrews: Don't you think that had anything to do with it?

Mr. Durham: If that had been the case, we would have handled it all that way.

Mr. Andrews: Well, you handle pretty nearly all that way.

Mr. Durham: Yes,

Mr. Andrews: Five per cent is only a nickel out of a dollar.

Mr. Durham: We would handle more business that way if we could do it to advantage.

Mr. Andrews: How long was the mill in operation before you commenced the Lufkin operation?

Mr. Durham: I don't know, it has been over a number of years.

Mr. Andrews: It is a pretty old proposition as a mill?

Mr. Durham: Yes, sir.

Mr. Andrews: Where is the principal product disposed of, just

generally, where does it go to?

Mr. Durham: I should say that the main part of their business is sold—well, Nebraska, Kansas, Missouri, Iowa, Illinois, Texas, and Oklahoma.

Mr. Andrews: What percentage in Texas?

Mr. Durham: About 20 per cent, I would say.
Mr. Andrews: I believe you stated you are the manager 2682 for the railroad company?

Mr. Durham: Yes, sir.

Mr. Andrews: Are you the traffic manager also?

Mr. Durham: Yes, sir.

Mr. Andrews: Do you perform any service of any kind at all for the lumber company?

Mr. Durham: No.

Mr. Andrews: Who routes the lumber company's traffic?

Mr. Durham: I do; that is, such business that is not already routed by the shipper.

Mr. Andrews: Well, you observe shippers' instructions. I presume.

Mr. Durham: Yes, sir.

Mr. Andrews: And when there are no shippers' instructions, then you exercise the option, instead of the lumber company?

Mr. Durham: Yes, sir.

Mr. Andrews: What percentage would you say is shippers' instruc-

Mr. Durham: Possibly not over ten per cent.

Mr. Andrews: And by shippers' instructions, you mean the person who has purchased the lumber?

Mr. Durham: Well, either that or the Southern Pine 2683 Lumber Company, who ships it. I think they specify such

routing as their customer desires.

Mr. Andrews: Is it not true that the Southern Pine Lumber Company never specifies a route to you unless it has first been required by the purchaser?

Mr. Durham: Yes, sir; that is correct.

Mr. Andrews: That is all.

Mr. Greer: Just one question before I forget it, as to this surplus. Is not that just an excess of the resources over the liabilities, practi-

Mr. Durham: It is the excess of the earnings over expenses yes, sir. Mr. Greer: Have you not put betterments and improvements into this road from time to time?

Mr. Durham: Yes, sir.

Mr. Andrews: He said all that.

Mr. Coleman: In your early testimony you said a great deal of the lumber went to the Mississippi River at-

Mr. Durham: Yes, sir.

Mr. Coleman: Is that routed by the Cotton Belt?

Mr. Durham: Yes, sir.

Mr. Coleman: And would naturally work through the

Cairo gateway, I should take it. 2684

Mr. Durham: I think the greater part of it goes through East St. Louis, by Thebes and East St. Louis.

Mr. Coleman: Well, Thebes. Mr. Durham: Yes, sir.

Mr. Coleman: Your division of the rate on that business is how much?

Mr. Durham: Four cents.

Mr. Coleman: And your haul? Mr. Durham: 171/2 miles.

Mr. Coleman: Do you know what the basing rate is to Cairo?

Mr. Durham: Sixteen cents.

Mr. Coleman: Do you know what the Cotton Belt's distance is from Lufkin to Cairo?

Mr. Durham: I think it is about 630 or 640 miles.

Mr. Coleman: So that they get twelve cents for a 630 mile haul, and you get four cents for seventeen miles?

Mr. Durham: Yes.

Examiner Burchmore: Who furnishes the car?

Mr. Durham: The Cotton Belt furnishes the empty car.

Mr. Garwood: Is it not the universal practice that the originating line is always given consideration from the fact that it origi-2685 nates the traffic?

Mr. Durham: I believe that is the custom, Judge.

Mr. Andrews: And it always trades it to the best possible advantage?

Mr. Durham: Yes, sir.

(Witness excused.)

Mr. Andrews: I did not ask this witness any questions about it, nor have I any since I have been making cross examinations. understand the Commission will request of every tap line that has been represented here a statement showing the ownership of its stock respectively in the controlling interests and in the tap lines.

Examiner Burchmore: We have not made that request so far.

Do you suggest it?

Mr. Andrews: Yes, sir. I understood it was made when Commissioner Harlan was here.

Mr. Cowan: That was my understanding all the way through. In the first place, he stated the Commission had a lot of that.

Examiner Burchmore: If your understanding is correct, the matter is all right. If it is not, I will see that the request is presented.

2686 Mr. Andrews: We request that it be furnished to save time in examination.

Mr. Garwood: I thought that the matter was gone into in every

Mr. Greer: It is practically the same.

Mr. Andrews: He merely stated that Mr. Temple owned the controlling interest in both cases.

Examiner Burchmore: We will see that the request goes before

the Commission.

Mr. Garwood: Of course we will furnish it, but we do not want

any more work than we have to do.

Examiner Burchmore: I presume if the request is submitted to the short lines, they will submit whatever objection they have, but I do not see what objection they could have to furnishing it.

Mr. Greer: I omitted to put a witness on in regard to an isolated fact, and that is, the influence of divisions on prices. Commissioner Harlan questioned about that, and the possibility of mills operating successfully without divisions. He asked questions on that, and I have a witness who is acquainted with that subject.

Examiner Burchmore: Do you think it is essential to your

2687 particular case?

Mr. Greer: He seemed to think so.

Examiner Burchmore: To your particular case.

Mr. Greer: No.

Examiner Burchmore: Or just in the whole record?

Mr. Greer: Just on the whole record.

Examiner Burchmore: That matter I understood was gone into rather fully by other witnesses.

Mr. Greer: The other witness did not testify to the facts known to

this witness.

Examiner Burchmore: How long will it take?

Mr. Greer: It is just an isolated question. It will only take five minutes.

Examiner Burchmore: Very well.

L. D. GILBERT was called as a witness, and having been duly sworu, testified as follows:

Mr. Greer: You are connected with the Southern Pine Lumber Company?

Mr. Gilbert: Yes, sir.

Mr. Greer: Connected with any other lumber company?

Mr. Gilbert: Yes, sir.

2658 Mr. Greer: Are you acquainted with the prices at which those two lumber companies have sold their product?

Mr. Gilbert: Yes, sir.

Mr. Greer: And have compiled a statement on that subject?

Mr. Gilbert: Yes.

Mr. Greer: Covering what period?

Mr. Gilbert: I compiled a statement covering the last three months in 1909, October, November and December, 1909.

Mr. Greer: Based on actual sales? Mr. Gilbert: Based on actual sales.

Mr. Greer: And it has been shown here that the Texas Southeastern is connected with the Southern Pine Lumber Company?

Mr. Gilbert: Yes.

Mr. Greer: And that the stockholders of the Southern Pine Lum-

ber Company in the main own the stock of the railroad company. Where is this other lumber company?

Mr. Gilbert: It is at Pineland, Texas, on the Santa Fe. The style

is the Temple Lumber Company.

Mr. Greer: What is the comparative size of the two concerns and plants?

Mr. Gilbert: Well, the Temple Lumber Company has one twoband mill and the Southern Pine Company has a two-band mill and one single band mill.

Mr. Greer: Both of them good large mills?

Mr. Gilbert: Yes, sir.

Mr. Greer: Well equipped?

Mr. Gilbert: Yes.

Mr. Greer: You say this other lumber company is on the Santa Fe?

Mr. Gilbert: Yes, sir.

Mr. Greer: There is no railroad connection with it that receives divisions?

Mr. Gilbert: No, sir.

Mr. Greer: You take the lumber direct from those two mills, lumber of the same kind as actually sold during that period and in the same markets; how do the prices compare; in other words, does the division received by the Texas Southeastern Railroad Company at Diboll influence the price of the lumber sold by the Southern Pine Lumber Company as compared with prices of this other mill?

Mr. Gilbert: It does not. The price basis is the same, the quality

and kind being the same.

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Mr. Greer: What is that based on?

Mr. Gilbert: It is based on the net f. o. b. mill price.
Mr. Greer: Do you know of any other mills on the Santa
Fe over there that are in operation that are being logged

without the use of a tram line?

Mr. Gilbert: I think there are two at least, one at Lamorle, which is about three miles north of Pineland, and one at Steep Creek. I do not think either of those have tram roads.

Mr. Greer: Do you know in times past when timber was contiguous to the railroad, that there were a number of that sort of mills

up and down the Santa Fe, small mills?

Mr. Gilbert: I am quite sure there were.

Mr. Greer: What, in your judgment, is the controlling factor of the ability of a small mill to operate and log its mill with teams? What is the controlling factor?

Mr. Gilbert: Do you mean the principal item of expense? I do

not just catch the question.

Mr. Greer: Under what circumstances can a mill operate successfully, that type of mill?

Mr. Gilbert: It would have to have its timber very close to the mill.

Mr. Greer: And when it has the timber near the mill it can operate successfully with teams?

Mr. Gilbert: That is all.

Examiner Burchmore: What is the ultimate fact that you

have proved by this witness?

Mr. Greer: Commissioner Harlan seemed to think it impossible or a mill to be logged with teams and operate in the same section f country in competition with a mill which had a railroad serving that received tap line divisions, and it is in answer partially to that quiry.

Examiner Burchmore: What do you mean by the word "impossi-

le?

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Mr. Greer: It could not operate successfully.

Examiner Burchmore: You mean a financial success?

Mr. Greer: Yes.

Examiner Burchmore: The witness says if the mill was far nough away from the railroad, it could not afford to team it.

Mr. Greer: Certainly not. It is a question of the accessibility of he logs. When they are accessible, it can operate. And it is as to

he effect on the prices.

Examiner Burchmore: It does not seem to me that a great deal of light is shed on the inquiry by this witness, but his testimony is n the record.

Mr. Cowan: I want to ask one question about your price basis. You said the base price was the price of the lumber f. o. b.

the mill.

Mr. Gilbert: Well, I might correct that and say we make

he price delivered to the customer.

Mr. Cowan: That is a very different proposition.

Mr. Gilbert: It is the same one, merely from the other side-

Mr. Cowan: That is a very different proposition.

Mr. Gilbert: There is no difference in the price we make between the two mills. We make the same price on the lumber that comes from the lumber mill on the Santa Fe that we do that comes from the mill at Diboll, quantity and kind being the same.

Mr. Cowan: The one at Diboll, then, really pays a net rate to the rairoad of four cents per 100 pounds less than the one on the

Santa Fe?

Mr. Gilbert: I did not understand your question, Judge.

Mr. Cowan: Oh, well, the railroad which serves the mill at Diboll

belongs to the people that own the mill.

Mr. Gilbert: In the main it does; there are some stockholders in the lumber company that are not stockholders in the railroad company.

Mr. Cowan: Well, I guess they are pretty scarce, but I assume the

controlling interest does, at all events. 2693

Mr. Gilbert: Yes, the vice-president of the lumber com-

pany owns no stock in the railroad company.

Mr. Cowan: Let us get to the question, though. Is it not a fact that the same interests substantially which ship the lumber from Diboll to Kansas City, for example, for delivery are out of pocket four cents per 100 pounds less than the one that ships on the Santa Fe?

Mr. Gilbert: The same people are. The lumber company is not.

Mr. Cowan: Well, the same people; I said the same interests. Now, that being so, do you say that it does not affect the price? And that is for the reason that you sell at the same figure?

Mr. Gilbert: Yes, sir; we do not consider the railroad in fixing

the prices on the lumber.

Mr. Cowan: Now, is it not a fact that what Mr. White said was true, that the sales agent sells for what he can get in the market?

Mr. Gilbert: Yes.

Mr. Cowan: And the retail purchaser has as much to do in fixing the price as the manufacturer?

Mr. Gilbert: He has had for the last three years.

Mr. Cowan: Now, that being so, is it not a fact that the man who gets \$1.00 a thousand off in divisions has got just that much advantage if he has a mind to use it in making the trade?

Mr. Gilbert: If he gets that \$1.00 division.

Examiner Burchmore: This seems to me largely a matter of argument. We know what the facts are in a general way, and I guess the Commission knows about as much now about the manner of selling lumber, and tap line divisions, and all other phases of this investigation as anybody else does, and I think this is a matter of argument. It seems so to me.

Mr. Garwood: I would like to suggest that in his hypothetical question counsel always leaves out the cost of operating the railroad,

the interest on the bonds, and so forth.

Examiner Burchmore: I suppose it costs less to operate a railroad than a mule team or ox team. If it did not, there would not be any train roads.

Mr. Gilbert: That would depend on the distance.

Mr. Garwood: I do not know what the cost of operating a mule team is.

Mr. Coleman: I would like to get something in the record there.

Did I understand you to state that you knew of but two saw mills
on the Santa Fe that log by team?

2395 Mr. Gilbert: I said there were only two that I know, yes, sir, and I am not positive if they do. I know they did for a time, but they may have tram roads now.

Mr. Coleman: Do you pretend to be very familiar with the situa-

tion on the Santa Fe?

Mr. Gilbert: No.
Mr. Coleman: Would it surprise you to know there are over fifty?
Mr. Gilbert: Well, yes, sir; it would surprise me to know there are

over fifty.

Mr. Coleman: We will put in an exhibit before this hearing is over with, if you intend to hear the trunk lines later on, to show just how many mills we have now. In the Chicago Lumber & Coal case we filed one showing we had 79, I think, of the small mills that did not log by tram.

Examiner Burchmore: Would it surprise you to know that there are apparently more mills in these southwestern states that do not receive any divisions through their tram roads than there are mills

that do?

Mr. Gilbert: I do not know anything about it. I have not given

it any study.

Mr. Greer: That is largely accounted for from the fact that little mills spring up and cut off two or three hundred acres of land and then quit.

Mr. Gilbert: Yes, sir; some of the small mills will set for as much

as 100,000 feet of lumber.

Examiner Burchmore: The records of the Commission, just reading them down alphabetically, down the line show that there are private tram roads which do not receive any allowances whatever, which have mileages as follows: 4, 8, 6, 2, 12, 27, 6, 4, 10, 13, and so on, and we have got more companies of that length that do not receive any divisions—of course they are not incorporated, but they handle 100 per cent of their traffic from the controlling industry, just about the same as these other companies have testified.

Mr. Gilbert: Well, the Southern Pine own and operate about 20 miles of logging road that is not owned by the Texas Southeast-

ern Company.

Examiner Burchmore: I am simply reading those figures to indicate there are a vast number of mills that have private tram roads which do not receive any divisions. Perhaps I should not have read that into the record. I do not know that the fact requires any discussion at this time.

Mr. Garwood: Will you- Honor let us have a copy of that,

2697 or we will be glad to have it all go in the record.

Examiner Burchmore: I will see if a copy can be obtained.

Mr. Greer: Now about the four cents that this railroad receives; in order to get that it had to make an investment of something over \$19,000 a mile and undertake all the burdens of both state and national laws with reference to railroads?

Mr Gilbert: So I understand.

(Witness excused.)

Examiner Burchmore: We will now take the Thornton & Alexandria Railroad. Before we begin on this railroad, I might say that counsel for the Missouri & Louisiana Railroad, as I understand it, suggests it will be absolutely impossible for him to attend the hearing tomorrow.

Mr. Coleman: I think not. I think Mr. Sargent said he wanted to get through tomorrow, and felt he ought to come on tomorrow.

Examiner Burchmore: He is not present?

Mr. Walter: He could not stay over Sunday, is the way I understood it.

Examiner Burchmore: Is there any road that absolutely can not stay here until tomorrow? This will be the last case called this afternoon, and after this is heard, we will adjourn until 9:30 tomorrow morning.

2699 The Thornton & Alexandria Railway.

J. H. BELAND, was called as a witness, and having been duly sworn, testified as follows:

Examiner Burchmore: You are an officer of the Thornton & Alexandria Railway Company?

Mr. Beland: Yes, sir.

Examiner Burchmore: Are you also an officer of any lumber company?

Mr. Beland: The Stout Lumber Company.

Examiner Burchmore: The officers in those two companies I understand are substantially identical?

Mr. Beland: Practically so.

Examiner Burchmore: With only a slight difference?

Mr. Beland: Slight.

Examiner Burchmore: Now the majority of the capital stock in the two companies is held by the same persons, is it not?

Mr. Beland: Yes, sir.

Examiner Burchmore: What differences are there in the stock ownership?

Mr. Beland: None substantially.

Examiner Burchmore: Any differences aside from directors' qualifying shares?

Mr. Beland: No, sir. Examiner Burchmore: This railroad connects, as I understand it, with the Cotton Belt at Thornton, Arkansas?

Mr. Beland: Yes, sir.

Examiner Burchmore: Is that one of the termini?

Mr. Beland: Yes, sir.

Examiner Burchmore: Please describe the road commencing at that point?

Mr. Beland: It runs in a southerly direction to the county seat

town of Hampton, Calhoun County.

Examiner Burchmore: And that is the terminus?

Mr. Beland: Yes, sir.

Examiner Burchmore: What is the total main line mileage?

Mr. Beland: 22.93 miles, I think.

Examiner Burchmore: There are several miles of side track?

Mr. Beland: I suppose there are three or four miles.

Examiner Burchmore: Where is the mill of the Stout Lumber Company located?

Mr. Beland: Near Thornton.

Examiner Burchmore: How near Thornton?

Mr. Beland: Half a mile from the station of the Cotton Belt Railroad; it is in the corporate limits of the town.

Examiner Burchmore: And half a mile from the station? 2701 Mr. Beland: About.

Examiner Burchmore: The station is farther down the track?

Mr. Beland: North of the mill.

Examiner Burchmore: The mill itself is right on the right of way of the Cotton Belt System?

Mr. Beland: Not on the right of way.

Examiner Burchmore: Well, I mean it is— Mr. Beland: It is nearly within a few feet.

Examiner Burchmore: And the loading platforms of that mill are so placed that cars furnished by the Cotton Belt for the loading of lumber can be loaded right out of your platform right on to the car as it stands on the Cotton Belt right of way?

Mr. Beland: We have two loading tracks; one is such as you have described, and the other is entirely off any railroad company's right

of way.

Examiner Burchmore: You use the two tracks impartially?

Mr. Beland: Yes, sir.

Examiner Burchmore: What about the location of this second side track?

Mr. Beland: Only for convenience in loading.

2702 Examiner Burchmore: But the Cotton Belt engines move the cars to and from that side track?

Mr. Beland: Not from this one.

Examiner Burchmore: They do not?

Mr. Beland: No, sir.

Examiner Burchmore: That connects with the rails of your company?

Mr. Beland: With the Thornton & Alexandria Railway.

Examiner Burchmore: How far does the locomotive move the car of lumber that comes from this loading track?

Mr. Beland: I should say 700 or 800 feet.

Examiner Burchmore: That movement is by your locomotive?

Mr. Beland: Yes, sir.

Examiner Burchmore: I address you as an officer of the Thornton & Alexandria Railway. When was this sawmill constructed or opened for operations?

Mr. Beland: I think it has been in existence about 25 years, Examiner Burchmore: When was construction commenced on the railroad?

Mr. Beland: Perhaps 15 years ago.

Examiner Burchmore: When was the railroad incorporated?

2703 Mr. Beland: In the year 1904.

Examiner Burchmore: That incorporation was under the laws of Arkansas? and empowers this railroad to carry on the business of a common carrier railroad?

Mr. Beland: Yes, sir.

Examiner Burchmore: It holds itself out to the public as a common carrier railroad?

Mr. Beland: Yes, sir.

Examiner Burchmore: Is there any public in that vicinity?

(No reply.)

Examiner Burchmore: That is rather a blind question. There are other shippers on the line?

Mr. Beland: Yes, sir.

Examiner Burchmore: So this railroad then was constructed before it was incorporated?

Mr. Beland: Yes, sir.

Examiner Buichmore: The entire road?

Mr. Beland: It was partly completed, my understanding is, after it was incorporated.

Examiner Burchmore: How much of the road was in existence at

the time of the incorporation?

Mr. Beland: I think about 18 miles, or something near that.

2704 Examiner Burchmore: It did not run up to the county seat?

Mr. Beland: It did not.

Examiner Burchmore: Are there any private tram lines connected with this road?

Mr. Beland: No.

Examiner Burchmore: The Stout Lumber Company owns no private tracks?

Mr. Beland: Private tram tracks?

Examiner Burchmore: I mean logging tram tracks?

Mr. Beland: The Stout Lumber Company has spurs from the town of Hampton connecting their logging road.

Examiner Burchmore: What is the extent of that logging road? Mr. Beland: It varies; I think it is now about 5 miles long.

Examiner Burchmore: It is moved from time to time?

Mr. Beland: Yes, sir.

Examiner Burchmore: How long has this lumber company been known as the Stout Lumber Company?

Mr. Beland: About the first of this year.

Examiner Burchmore: It was formerly the Stout-Greer Lumber Company?

2705 Mr. Beland: Yes, sir.

Examiner Burchmore: Is it a corporation?

Mr. Beland: Yes, sir.

Examiner Burchmore: There was no change in that corporation except the change in the name?

Mr. Beland: That is all.

Examiner Burchmore: And the relations between the lumber company and the railroad company are substantially the same today that they were before the change in the name of the lumber corporation?

Mr. Beland: Yes, sir.

Examiner Burchmore: What was the purpose of the original con-

struction of this road?

Mr. Beland: The original construction of the road was absolutely for the hauling of logs only, I think. I say that because I have not been connected with this company until about a year and a half ago.

Examiner Burchmore: Well, the history of the road at least until

recent years would justify that thought?

Mr. Beland: Yes, sir.

Examiner Burchmore: What was the purpose of incorporating it?

2706 Mr. Beland: We wanted to do a general railroad business.

Examiner Burchmore: It was your desire to serve the public that prompted you to incorporate?

Mr. Beland: Yes, sir.

Examiner Burchmore: Your incorporation had no relation to the question of the legality of divisions?

Mr. Beland: It might at first have prompted us to have incor-

porated.

Examiner Burchmore: As a matter of fact was not that the primary consideration that led you to incorporate?

Mr. Beland: I do not know.

Examiner Burchmore: You have never heard?

Mr. Beland: No, sir.

Examiner Burchmore: Is it not a fact that the line of this railroad practically parallels the Rock Island?

Mr. Beland: Yes, sir.

Examiner Burchmore: And at no point is more than four or five miles away from the line of that railroad?

Mr. Beland: Nearly so.

Examiner Burchmore: Now do you think that the demands of that country required the building of a second line within five miles of one already there?

2707 Mr. Beland: I think our road was built first.

Examiner Burchmore: Then you think the Rock

Mr. Beland: Was after the business.

Examiner Burchmore: Have you contemplated building over to meet the Rock Island?

Mr. Beland: We own a right of way at a distance of about 14 miles out from Thornton to a town called Tinsman. We purchased the right of way.

Examiner Burchmore: When did you purchase the right of way?
Mr. Beland: I do not know, but it has been two or three years

ago, I think.

Examiner Burchmore: The purchase of that right of way is evidence, is it not, of the active intention of this company to build across and make a connection with the Rock Island?

Mr. Beland: We had thought of it and think of it yet.

Examiner Burchmore: You have had some negotiations of some character or another with the Rock Island line looking to that result?

Mr. Beland: A long time ago they were.

Examiner Burchmore: About three or four years ago?

Mr. Beland: I think so.

2708 Examiner Burchmore: Did the question of divisions of freight rates enter into those negotiations at all?

Mr. Beland: Yes. sir.

Examiner Burchmore: Did you enter into any tentative contract with the Rock Island covering divisions?

Mr. Beland: I think not.

Examiner Burchmore: But the proposition was discussed?

Mr. Beland: It was.

Examiner Burchmore: You now receive divisions on lumber that moves out over your line in connection with the Cotton Belt System?

Mr. Beland: Yes, sir.

Examiner Burchmore: What are those divisions? Mr. Beland: From one to two and a half cents.

Examiner Burchmore: Is that as liberal a basis of divisions as that

which obtains elsewhere?

Mr. Beland: That seems to be their scale along in our territory. Examiner Burchmore: Well, the Rock Island gives larger divisions than that, according to the evidence in this case, does it not?

Mr. Beland: In this case?

2709 Examiner Burchmore: Yes, in this proceeding?

Mr. Beland: Yes, sir.

Examiner Burchmore: And I presume you would naturally anticipate that the result of making a connection with the Rock Island would be a more generous division?

Mr. Beland: Yes, sir.

Examiner Burchmore: You had that thought in mind?

Mr. Beland: Yes, sir, and also to help us out in the way of secur-

ing cars during the car shortage.

Examiner Burchmore: Certainly, there are other advantages which come from having two outlets to the market rather than one. I am simply endeavoring to find out what the facts are. How long has this second side track into your plant, the one which is farther away from the Cotton Belt, been in existence?

Mr. Beland: Long ago, at least two years, I should judge. Examiner Burchmore: Not more than two or three years?

. Mr. Beland: Well, I will say that. It perhaps has been in there five or six years,

Examiner Burchmore: What is the total capital stock of this rail-road corporation?

Mr. Beland: \$50,000.

Examiner Burchmore: Is that all issued?

2710 Mr. Beland: Yes. sir.

Examiner Burchmore: Was it paid for in cash?

Mr. Beland: It was paid for by a dividend which was declared by the lumber company.

Examiner Burchmore: It was a dividend on the lumber company's stock paid in the form of stock in another company?

Mr. Beland: Yes, sir, that is my understanding of that. This transaction was before I became manager.

Examiner Burchmore: But that was the substance of the transaction?

Mr. Beland: Yes, sir.

Examiner Burchmore: What is the weight of the rail with which this road is built?

Mr. Beland: We have six miles of 60 pound steel, new steel, practically four miles of 40 pound steel, and the balance is either 35 or 30 or 40 pound.

Examiner Burchmore: The road is well built?

Mr. Beland: Yes, sir.

Examiner Burchmore: Have you heard of any road down in that vicinity that is not well built, a short line road?

Mr. Beland: No.

2711 Examiner Burchmore: Have you any station buildings?
Mr. Beland: We have one.

Examiner Burchmore: At what point?

Mr. Beland: At Hampton.

Examiner Burchmore: That is the county seat that you referred to?

Mr. Beland: Yes, sir.

Examiner Burchmore: How long have you had that building?

Mr. Beland: Ever since the road was built into there. Examiner Burchmore: That is two or three years?

Mr. Beland: Yes, sir.

Examiner Burchmore: And do you know what that building cost?

Mr. Beland: I should judge it cost \$600 or \$700.

Examiner Burchmore: Frame?

Mr. Beland: Yes.

Examiner Burchmore: Has a ticket office?

Mr. Beland: Yes, sir.

Examiner Burchmore: And waiting room?

Mr. Beland: White and colored.

Examiner Burchmore: A storage room for freight and so forth?

2712 Mr. Beland: Yes, sir.

Examiner Burchmore: How many engines have you?

Mr. Beland: Four.

Examiner Burchmore: Do you own all those locomotives?

Mr. Beland: Yes, sir.

Examiner Burchmore: Operate them all?

Mr. Beland: Yes, sir.

Examiner Burchmore: Does the lumber company own any locomotives?

Mr. Beland: One.

Examiner Burchmore: And with that locomotive it switches the logs on their tram spur?

Mr. Beland: It is used as a construction engine for the building

of these spurs.

Examiner Burchmore: Then I understand that the logs are taken from the private tram spurs by the locomotives of the railroad company?

Mr. Beland: Yes.

Examiner Burchmore: What compensation is paid for that service?

Mr. Beland: \$1.25 per thousand feet, log scale.

Examiner Burchmore: What does that cover?

2713 Mr. Beland: That is a switching charge from Hampton to the woods. Examiner Burchmore: The woods are all beyond Hampton?

Mr. Beland: Yes.

Examiner Burchmore: Then from Hampton up to the mill what do you receive?

Mr. Beland: We get a division from the railroad company. Examiner Burchmore: The lumber that moves out from points on your line is all billed from Hampton?

Mr. Beland: No, sir.

Examiner Burchmore: From the mill?

Mr. Beland: Thornton.

Examiner Burchmore: From Thornton on your line?

Mr. Beland: Yes.

Examiner Burchmore: Who issues that bill of lading, who signs that bill of lading?

Mr. Beland: An employé of the company.

Examiner Burchmore: Of the Thornton & Alexandria?

Mr. Beland: Yes, sir.

Examiner Burchmore: Where is that employé?

Mr. Walter: Mr. Halpin is here and is more familiar with that branch of the work and with the financial and other statistical information. Mr. Beland was introduced only for the physical operations.

Examiner Burchmore: What is the character of your colling

stock other than locomotives?

Mr. Beland: We have 3 box cars, 6 flats, one caboose, one combination passenger and baggage car, and 50 some logging cars.

Examiner Burchmore: Any other equipment?

Mr. Beland: No, I think not.

Examiner Burchmore: Any track scales?

Mr. Beland: No, sir.

Examiner Burchmore: Have you any team tracks on which carload freight could be delivered?

Mr. Beland: Team tracks? Sidings? Examiner Burchmore: Yes, side tracks.

Mr. Beland: Yes.

Examiner Burchmore: They call them team tracks in a big city.

Your cars are all equipped with the necessary safety devices?

Mr. Beland: The log cars are not, but the other cars that we pull in our passenger train are all equipped with air, automatic couplers, self-dumping ash pans for the engine. We try to make it a 2715 standard train.

Examiner Burchmore: Telegraph or telephone service?

Mr. Beland: Yes, sir.

Examiner Burchmore: Don't you own that yourself?

Mr. Beland: Yes.

Examiner Burchmore: The lumber company uses it?

Mr. Beland: Yes.

Examiner Burchmore: Do they pay rent?

Mr. Beland: I don't know.

Examiner Burchmore: How many track crews are there on the road?

Mr. Beland: Three.

Examiner Burchmore: Do they keep in order the private tracks of the lumber company?

Mr. Beland: Not the private tracks.

Examiner Burchmore: Who does maintain those logging spurs?

Mr. Beland: It is in their logging department. Examiner Burchmore: Of the mill company?

Mr. Beland: Of the mill company?

Examiner Burchmore: The railroad has nothing to do with that in any way, shape or form?

Mr. Beland: No.

2716 Examiner Burchmore: Have you any station employés.

Mr. Beland: We have one. Examiner Burchmore: He is at—

Mr. Beland: Hampton.

Examiner Burchmore: Does he devote his entire time to this service?

Mr. Beland: Yes, sir.

Examiner Burchmore: He does not work for the lumber company?

Mr. Beland: No.

Examiner Burchmore: It is not the storekeeper?

Mr. Beland: No.

Examiner Burchmore: How many train crews in the railroad service?

Mr. Beland: There are three train crews.

Examiner Burchmore: One of those locomotives is an emergency engine?

Mr. Beland: Yes, sir.

Examiner Burchmore: Does the lumber company have any train crews?

Mr. Beland: No.

Examiner Burchmore: How do they operate their logging cars?

Mr. Beland: Except this one construction engine I have spoken of, which is owned by the lumber company.

Examiner Burchmore: Does that construction engine lie idle a

large part of the time, or are they building tracks all the time?

Mr. Beland: They use it practically every day more or less.

Examiner Burchmore: Now what clerks or other employés has

this railroad company besides those mentioned?

Mr. Beland: There is a charge made against the railroad company of \$100 per month which the lumber company receives for services that different employés in the office might perform for the railroad company.

Examiner Burchmore: How much time do the lumber company employés put in for the railroad company under that \$100 charge?

Mr. Beland: It requires a good deal of time, with all the reports

which have been made.

Examiner Burchmore: Do you think the railroad company gets its money's worth?

Mr. Beland: I think so.

Examiner Burchmore: What salaries are paid to the general officers of the railroad company, I refer to such officers

as are not also employed by the lumber company.

Mr. Beland: Mr. Walter referred to Mr. Halpin, who is here, who can testify to all that, as to rates and such as that. I am not really posted on those things.

Examiner Burchmore: Not even as to rates of salaries?

Mr. Beland: Some of them I am.

Examiner Burchmore: Can you advise me with respect to your train service and if so, make a full statement.

Mr. Beland: Train service? Examiner Burchmore: Yes.

Mr. Beland: Well, we have a train that leaves Thornton in the morning about seven o'clock and arrives at Hampton about nine something, I forget just what, and returns in time to make connections with the northbound Cotton Belt train known as Train No. 2.

Examiner Burchmore: It makes one round trip a day?

Mr. Beland: Yes, sir, in the morning.

Examiner Burchmore: That carries passengers?

Mr. Beland: Yes, sir.

Examiner Burchmore: Does it make any trip in the afternoon?

2719 Mr. Beland: Not that train.

Examiner Burchmore: Another train?

Mr. Beland: Logging train.

Examiner Burchmore: Then you have two trains?

Mr. Beland: Yes.

Examiner Burchmore: Have you any other trains?

Mr. Beland: Only the log train and this one mail and passenger train.

Examiner Burchmore: Do both of those trains run on regular schedule?

Mr. Beland: Not the log train.

Examiner Burchmore: Do you have a timetable?

Mr. Beland: We have, for the mail train.

Examiner Burchmore: If desirable you can file it. Do you carry mail?

Mr. Beland: Yes, sir.

Examiner Burchmore: Express matter?

Mr. Beland: Yes.

Examiner Burchmore: Does any express company operate on your line, or do you carry express as freight?

Mr. Beland: No, we carry express packages.

Examiner Burchmore: For what company?

2720 Mr. Beland: For ourselves.

Examiner Burchmore: The Adams Express Company does not operate on your line or any other company of that kind?

Mr. Beland: No.

Examiner Burchmore: You charge freight rates?

Mr. Beland: No, we handle small packages and charge the express rate. As I said, I would like to have you ask those questions of Mr.

Halpin.

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Examiner Burchmore: As to the details I will, but I thought you might know as to the general business. I will ask him as to the freight traffic and passenger traffic and for the figures. You have supplies of bills of lading and waybills and other stationery of that kind?

Mr. Beland: Yes, sir.

Examiner Burchmore: Do you wish to testify in regard to the manner of billing freight?

Mr. Beland: No.

Examiner Burchmore: I believe you said it was your effort to comply with all the state and federal laws that govern the conduct of common carrier railroad companies?

Mr. Beland: It is.

Examiner Burchmore: Can you advise me with respect to the profits which have been made from the operation of this railway?

Mr. Beland: I think our net profit for the year ending last June

was about \$1,500.

Examiner Burchmore: What were the revenues on which you made that profit?

Mr. Beland: Passenger and express and——

Examiner Burchmore: I mean the amount, or shall I ask the question of another witness?

Mr. Beland: The other witness, I prefer.

Examiner Burchmore: Has this railroad any bonds?

Mr. Beland: No, sir.

Examiner Burchmore: Do you owe any money to the lumber company?

Mr. Beland: They hold a note against the railroad company for \$80.000.

Examiner Burchmore: And the capital stock you said was \$50.000?

Mr. Beland: Yes.

Examiner Burchmore: What did the road cost to build?

Mr. Beland: Let me explain. This road when it was turned over or sold to the Thornton & Alexandria Company was a narrow gauge road, and was not extended into Hampton.

2722 Examiner Burchmore: And you paid \$50,000 for a narrow gauge road?

Mr. Beland: Yes, sir.

Examiner Burchmore: That is what you paid for the road.

Mr. Beland: Yes.

Examiner Burchmore: And some equipment? Mr. Beland: And the narrow gauge equipment.

Examiner Burchmore: Then you changed your narrow gauge equipment and standardized the road?

Mr. Beland: Yes, sir, and got this fund from the Stout Lumber Company.

Examiner Burchmore: And you also extended it to this other point?

Mr. Beland: Yes, sir.

Examiner Burchmore: What did all those changes cost?

Mr. Beland: I could not give you the figures.

Examiner Burchmore: Is another witness present who can?

Mr. Beland: I believe he can.

Mr. Walter: Mr. Halpin will give you that.

Examiner Burchmore: I believe that is all with this witness. Mr. Walter: When you bought that line, it consisted only

of a narrow gauge extending about 18 miles? 2723 Mr. Beland: That is my recollection,

Mr. Walter: That was standardized and extended into Hampton? Mr. Beland: Yes, sir.

Mr. Walter: Hampton is the county seat?

Mr. Beland: Yes, sir.

Mr. Walter: About how many people live at Hampton?

Mr. Beland: I should judge 800 to 1,000.

Mr. Walter: How many people live along or tributary to the Thornton & Alexandria Road?

Mr. Beland: 4,000 or 5,000 people.

Mr. Walter: All the service from Hampton to Thornton either passenger or freight is over your line?

Mr. Beland: Yes.

Mr. Walter: Your engine goes down to the woods where the logs have been loaded by the lumber company and hauls those logs up to Hampton, for which you receive a switching charge?

Mr. Beland: Yes.
Mr. Walter: The railroad company then take those logs down to Thornton and unload them?

Mr. Beland: Yes, sir.

Examiner Burchmore: The railroad unloads them? 2724 Mr. Beland: Yes, sir.

Mr. Walter: That \$1.25 switching charge covers that service for the unloading as well as bringing them up to Hampton?

Mr. Beland: Yes, sir.

Examiner Burchmore: But not for the movement between-

Mr. Walter: The movement from Hampton down to Thornton is covered by the joint rate.

Mr. Beland: Yes.

Mr. Walter: Out of which you receive a division of one and a half to two cents?

Mr. Beland: Yes.
Mr. Walter: You have now a connection with the Cotton Belt?

Mr. Beland: Yes.

Mr. Walter: What is the great advantage of an additional connection with the Rock Island?

Mr. Beland: To secure empties during car shortage and-Mr. Walter: I will ask you whether or not that is one of the most important considerations?

Mr. Beland: Yes.

2725Mr. Walter: In having more than one connection. Mr. Beland: Yes, sir, and to reach other territories.

Examiner Burchmore: What are the other important considera-

tions?

Mr. Walter: Is there any additional consideration in having a second connection other than the additional territory you can reach on joint rates and the additional car supply? Besides the other territory you would reach on the joint rates and the car supply, is there any consideration?

Mr. Beland: We should get better divisions.

Mr. Walter: In the building of that road have you recently made any improvements in grades or anything of that sort?

Mr. Beland: We are making an improvement right now.

Mr. Walter: Is that an extensive improvement? About how

much are you putting into the improved right of way?

Mr. Beland: We are reducing a couple of curves in a distance of about a mile at a cost of five or six thousand dollars.

Mr. Walter: How far is it from Hampton to Thornton?

Mr. Beland: Nearly 23 miles.

Mr. Walter: Has the Stout Lumber Company cut over a good portion of its holdings?

2726 Mr. Beland: It has quite a bit.

Mr. Walter: Is that territory occupied to any extent by farmers or producers of fruit?

Mr. Beland: Yes, sir.

Mr. Walter: What is the general nature of the freight traffic which you handle other than forest products?

Mr. Beland: General merchandise of all kinds, flour and feed

stuffs.

Mr. Walter: Any cotton or cottonseed?
Mr. Beland: Cotton and cottonseed.

Mr. Walter: And other agricultural products?

Mr. Beland: Yes, sir.

Mr. Walter: Your line serves everybody that comes to you for service either in passenger or freight?

Mr. Beland: Yes, sir, we cater to it.

Mr. Walter: You are building up business as much as you can?

Mr. Beland: Yes, sir.

Mr. Walter: Has the lumber company, if you know, made any sale of its lands or does it contemplate any sales looking to colonization?

Mr. Beland: We are experimenting with our land with a

2727 view of selling it.

Mr. Walter: Just explain to what extent such experimentation by the lumber company has been had.

Mr. Beland: We have expended in the last two or three years about \$30,000 on that line.

Mr. Walter: What were you doing?

Mr. Beland: Raising fruit, vegetables, corn, hay, peanuts and alfalfa.

Mr. Walter: In other words, demonstrating the possibility of the soil along the line of road?

Mr. Beland: We can raise most anything.

Mr. Walter: And that was the purpose of this experimental farming?

Mr. Beland: Yes, sir.

Mr. Walter: Can you give me some idea of the extent of the

orehard which you put out?

Mr. Beland: We have an orchard of about 8,000 Alberta trees which are beginning to bear, and we shipped two cars from there this year.

Mr. Walter: That will increase?

Mr. Beland: Besides that we have a couple of thousand plum and

a thousand or so pear trees.

Mr. Walter: I will ask whether or not you can express an 2728 opinion as to whether the general business along your line of railroad will increase in greater proportion than the forest products shipped out?

Mr. Beland: I think it will.

Mr. Walter: Have you not a depot at Thornton?

Mr. Beland: We use—no, we have not. Mr. Walter: How much longer will the cut of timber last which is now owned by the lumber company, in the ordinary process of cutting?

Mr. Beland: It ought to last 30 years.

Mr. Walter: Will that compel additional building of spur lines?

Mr. Beland: Yes.

Mr. Walter: Will there be any extension of main line?

Mr. Beland: No extension of main line.

Mr. Walter: Only the lumber spurs will be taken up and moved? Mr. Beland: The lumber spurs perhaps will be built out a distance

of 18 to 20 miles.

Mr. Walter: How many lumber shippers have you or other shippers in carload lots of forest products other than the Stout Lumber Company?

2729 Mr. Beland: We have a couple of dozen, I expect, of dif-

ferent concerns.

Mr. Walter: Has the Stout Lumber Company any connection with those concerns?

Mr. Beland: None whatever.

Mr. Cowan: Ask him to file a list or give it now.

Mr. Walter: Can you furnish a list or state now the names right into the record, of the various shippers? If you have a list there, hand it to the stenographer.

Mr. Beland: Mr. Halpin I think has that statement.

Mr. Walter: Here is a list that we offer as an exhibit to his testimony, to be copied into the record. Read the list.

Examiner Burchmore: I do not think we had better copy it. Mr. Cowan: To save time I was asking him to read the names of the concerns on his line.

Mr. Walter: Also a list of the merchants of Hampton. It is very

Examiner Burchmore: It may be copied in then.

(The lists are as follows:)

List of Shippers on T. & A. Ry.

The Stout Lumber Company, Mfrs. & Wholesale Lumber. Hampton Lumber Co., " Hardwood Lumber.

Hampton Stave Co., Staves, Heading, Stave Bolts, etc. 2730 Fordyce Manufacturing Co., Spoke Timber.

W. A. Matthews & Co., Staves & Heading. National Cooperage & Wooden W. Co., Staves and Stave Bolts.

J. C. Hollingsworth, Cotton Seed.

Furlow & Son, Cotton. W. C. Dunn, Cotton. J. M. Dunn, Cotton Seed. H. B. Dunn, Cotton. Moro Fruit Farm, Shippers of Fruit.

Virginia Carolina Chemical Co., Fertilizers.

E. L. Koonce, Contractor.

The above are all Carload shippers.

None of the above have any pecuniary interest in this line, except some of the stockholders of this Company are stockholders in The Stout Lumber Company and the Moro Fruit Farm, and all are wholly dependent upon this line to move their products to market.

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List of Hampton Merchants.

Biggers, Furlow & Son, Hardware. Furlow & Son, General Merchandise. H. B. Dunn, Hampton Grocery Co., do. W. C. Dunn, Hampton Pharmacy Co., Drugs. North Side Grocery Co., Groceries & Gen. Mdse. A. A. Ables, General Merchandise. J. B. Lucas, Restaurant. J. B. Wood Feed Store, Feed, Hay, etc. J. C. Hollingsworth, Cotton Gin. J. E. Sturgis, General Merchandise.

Hampton Lumber Yard, Retail Lumber. W. J. Autrey, General Merchandise.

J. B. Ritchie, do. J. M. Dunn, do. J. E. Upton, do. do. Cobb & Son,

J. B. Ritchie, Benson, Ark., Fertilizers.

None of the above have any pecuniary interest in this line except some of the stockholders of this Company are stockholders in the Hampton Lumber Yard, and all are wholly dependent upon this line to procure their stocks of merchandise.

Mr. Walter: In this extension to Hampton, let me ask whether the public made any donations to secure that extension?

Mr. Beland: They did.

Mr. Walter: To what extent?

Mr. Beland: They gave us right of way and terminal facilities. and a bonus of \$2500 cash.

Mr. Walter: What is the value of the consideration you received,

counting in the cash and terminal?

Mr. Beland: I should judge \$10,000. Mr. Walter: That was all done in order to get the facilities afforded by you as a common carrier?

Mr. Beland: Yes, sir, they solicited us very strongly, I under-

stand.

Mr. Walter: Do the Arkansas authorities recognize you as a common carrier or not?

Mr. Beland: Yes. sir.

Examiner Burchmore: Have they given you any special recognition different in character from what you might term 2733 the recognition that you have received at the hands of the Interstate Commerce Commission? I mean this Commission has re-

ceived your tariffs and annual reports and written you letters.

Mr. Beland: Along the same lines.

Examiner Burchmore: And no further?

Mr. Beland: And no further.

Mr. Gaughan: In Arkansas they do not have the formal recognition like they do in Texas.

Examiner Burchmore: That is what I meant. Does this railroad

own its entire right of way?

Mr. Beland: With the exception of a very little bit that is tied up

in litigation, I guess.

Examiner Burchmore: Are you familiar with the terms of a contract which seems to have been entered into on the 11th day of January, 1909, between this railroad company and the Stout-Green Lumber Company covering the matter of log movement?

Mr. Beland: No, I do not recall it.

Examiner Burchmore: Is it not a fact that-

Mr. Walter: Perhaps you had better ask Mr. Halpin about it. He knows about it.

2734 Examiner Burchmore: Just one question about it. Is it not a fact that the railroad company transports the mill employees free of charge?

Mr. Beland: I think that that was the contract, made in the form

of a contract.

Examiner Burchmore: Do the employees pay fares as a matter of fact?

Mr. Beland: The employees pay fare on the road? No.

Examiner Burchmore: You mean lumber company's employees? Mr. Beland: No.

Examiner Burchmore: Who repairs these locomotives belonging to the railroad company?

Mr. Beland: The lumber company.

Examiner Burchmore; And they also repair the cars?

Mr. Beland: Yes.

Examiner Burchmore: What do they charge for those repairs?

Mr. Beland: I think there is 10 per cent added to the actual cost.

Examiner Burchmore: There seems to be a provision in this contract to that effect. This contract I may say also purports to provide for the \$1.25 charge per thousand feet to reimburse the railroad company for moving the logs over the tram road

2735 up to Hampton. Is there any further examination of this witness?

Mr. Cowan: I want to ask a few questions. What is the extent of the holdings of timber by the lumber company?

Mr. Beland: About 70,000 acres of timber land.
Mr. Cowan: The extent of the land that has been cut off is how much?

Mr. Beland: I suppose there is 20,000, maybe 30,000 acres.

Mr. Cowan: The amount of the service performed in the delivery of lumber by your company to the St. Louis Southwestern, what service do you perform, any?

Mr. Beland: I do not understand.

Mr. Cowan: Well, the lumber is delivered from your mill to the Cotton Belt.

Mr. Beland: Yes, sir.

Mr. Cowan: How much service does your railroad company perform?

Mr. Beland: Sometimes the railroad pushes them on to the Cotton

Belt side tracks.

Mr. Cowan: Generally speaking, how is it done?

Mr. Beland: The Cotton Belt Railroad takes the load from the mill siding.

2736 Mr. Cowan: And puts the cars there to be loaded?

Mr. Beland: Yes.

Mr. Cowan: Now you haul lumber for other concerns along the line of your road?

Mr. Beland: Yes, sir.

Mr. Cowan: Are they just little sawmills?

Mr. Beland: Yes, sir.

Mr. Cowan: What rate of freight do you charge them?

Mr. Beland: I think the Arkansas Court tariff.

Examiner Burchmore: We have another specialist here on freight rates for this company.

Mr. Cowan: I have no further questions that I know of.

Mr. Coleman: No questions.

Examiner Burchmore: What was the other company for which you testified?

Mr. Beland: The Bearden & Ouachita River.

Examiner Burchmore: Any relation between those two railroads?

Mr. Beland: None whatever.

Examiner Burchmore: Or between the lumber companies? Mr. Beland: No, they are separate and distinct companies.

Examiner Burchmore: Are they in the same general vicinity?

2737 Mr. Beland: Yes, sir, about eight miles apart.

Examiner Burchmore: And you are on the ground as the chief operating officer for both companies?

Mr. Beland: Yes, sir. I might correct the statement. I have one share of stock in the Cotton Belt Lumber Company, and also own stock in the Stout Lumber Company.

Examiner Burchmore: You are a director, I suppose?

Mr. Beland: Yes, sir.

(Witness excused.)

B. E. Halpin was called as a witness, and having been duly sworn, testified as follows:

Examiner Burchmore: Mr. Halpin, you are an officer of this lumber company, and also of the railroad company?

Mr. Halpin: Yes, sir.

Examiner Burchmore: Is your entire compensation paid by either company?

Mr. Halpin: There is \$50.00 a month of my salary charged against

the railroad company.

Examiner Burchmore: Charged against the railroad?

Mr. Halpin: Yes.

2738 Examiner Burchmore: What, does the railroad give it to you?

Mr. Halpin: The railroad does not. In fact, the railroad does not handle any cash, only in the hands of the agent at the station.

Examiner Burchmore: Most of its cash is handled for it by the lumber company?

Mr. Halpin: Yes, sir.

Examiner Burchmore: Any other officers of this railroad that receive salaries?

Mr. Halpin: No.

Examiner Burchmore: Aside from Mr. Beland?

Mr. Halpin: No, he does not draw any salary from the railroad. Examiner Burchmore: Is it charged to the lumber company?

Mr. Halpin: Yes.

Examiner Burchmore: I thought he was not an officer of the lumber company?

Mr. Halpin: Yes, he testified he was.

Examiner Burchmore: No other officers of the railroad company receive salaries?

Mr. Halpin: No, sir.

2739 Examiner Burchmore: Is there any billing accompanying the movement of logs to the mill?

Mr. Halpin: No, sir.

Examiner Burchmore: Does the conductor make a report on his arrival at the mill of the number of logs he has brought in?

Mr. Halpin: Yes, sir.

Examiner Burchmore: That report is entered on the books of the railroad company?

Mr. Halpin: The number of loads, yes.

Examiner Burchmore: The figures he brings in on entered on the books of the company?

Mr. Halpin: The number of cars.

Examiner Burchmore: And that is the accounting basis for the charge of \$1.25?

Mr. Halpin: No, not the report the conductor turns in. That is

the report of the man who scales the logs in the woods.

Examiner Burchmore: He is a lumber employee?

Mr. Halpin: Yes, sir.

Examiner Burchmore: Then the lumber company renders to the railroad company the statement which is the basis of this 2740 \$1.25 settlement?

Mr. Halpin: Yes, sir.

Examiner Burchmore: And I suppose the railroad company ex-

ercises some check on that statement?

Mr. Halpin: Well, the check of the number of cars brought in.

Examiner Burchmore: Does the Thornton & Alexandria Raildoad issue bills of lading on the outbound movement of lumber?

Mr. Halpin: Yes, sir.

Examiner Burchmore: In all cases?

Mr. Halpin: Yes, sir.

Examiner Burchmore: Do you issue any way bills?

Mr. Halpin: No. It is handled on transfer billing. We give the Cotton Belt agent an extra copy of the bill of lading.

Examiner Burchmore: And that acts as transfer billing?

Mr. Halpin: Yes, sir,

Examiner Burchmore: And he makes out a waybill over his line? Mr. Halpin: I presume he does,

Examiner Burchmore: Are the rates on lumber over this

2741 line on a milling in transit basis?

Mr. Halpin: Yes, sir.

Examiner Burchmore: But the lumber is billed as originating at the junction point, is it not?

Mr. Halpin: It is billed as originating at Thornton, on the

Thornton & Alexandria Railroad.

Examiner Burchmore: But what is the necessity for a milling in transit privilege if it originates at the mill?

Mr. Halpin: Well, we need the money,

Examiner Burchmore: Well, I know it, but you could get the money without having a milling in transit arrangement, if the fact is your lumber is billed as originating at the mill.

Mr. Halpin: Well, that is the way the bills of lading read.

Examiner Burchmore: The bills of lading read as though the lumber originated at the mill?

Mr. Halpin: Yes.

Examiner Burchmore: And not originating back at Hampton?

Mr. Halpin: No, because our mill is not located at Hampton, and
we could not very well do that.

Mr. Walter: The bill of lading does not show where the freight originated, but where it is billed from.

Mr. Halpin: Yes, sir, that is all.

Examiner Burchmore: Is the rate applied a straight rate from Hampton, or is it a re-shipping rate from Hampton?

Mr. Halpin: W.ll, of course we understand it as being a-

Examiner Burchmore: Let me go at this a little differently. Do you have joint through rates on lumber published from Hampton?

Mr. Halpin: Yes, sir.
Examiner Burchmore: To intrastate points?

Mr. Halpin: Yes, sir.

Examiner Burchmore: And those rates are the same as the rates

from Thornton on your line to interstate points?

Mr. Halpin: Now I said—we have a tariff covering rates on lumber from Hampton. It is a proportional tariff applicable to interstate shipments. It is not a through rate. We have not issued a joint tariff naming rates.

Examiner Burchmore: You mean you do not have any joint

tariffs?

Mr. Halpin: We have joint tariffs, but not on lumber from Hampton out.

2743 Examiner Burchmore: Do you have joint tariffs on lumber from Thornton out?

Mr. Halpin: The Thornton & Alexandria has not.

Examiner Burchmore: As a matter of fact it is explained to me that the Cotton Belt publishes its rate in this fashion; they name a rate from Thornton on their line to St. Louis, for example, and make that rate applicable on logs that have come in to Thornton.

Mr. Halpin: Yes, sir.

Mr. Walter: And the bill of lading is applicable from the junction.

Examiner Burchmore: I believe the Cotton Belt's statements bear that out?

Mr. Halpin: Yes, sir.

Examiner Burchmore: But the division received on those joint rates is intended in a way to cover the logs into the mill?

Mr. Halpin: Yes.

2744

Examiner Burchmore: For as a matter of fact on a great deal of this traffic you do not perform any service on the lumber.

Mr. Halpin: Not after it is loaded into the car. Examiner Burchmore: But after it has become lumber?

Mr. Halpin: No.

Examiner Burchmore: For half of your traffic or perhaps more is loaded on that track which is a part of the Cotton Belt System.

Mr. Halpin: Yes.

Examiner Burchmore: And loaded directly on the Cotton Belt tracks?

Mr. Halpin: Yes.

Examiner Burchmore: What percentage of the lumber is so loaded?

Mr. Halpin: I have no means of knowing. We do not keep any

record of it. I imagine 75 per cent of it.

Examiner Burchmore: That is all I wanted, just a general idea. The rate of freight you paid to St. Louis and other interstate points is the same that you would pay if you were located directly on the Cotton Belt and had no railroad connection other than the Cotton Belt?

(No reply.)

Examiner Burchmore: You pay the regular Cotton Belt local rate?

Mr. Halpin: Yes, sir.

2745 Examiner Burchmore: What are your divisions of the Cotton Belt rates?

Mr. Halpin: On lumber?

Examiner Burchmore: On lumber?

Mr. Halpin: One cent to two and a half cents, you might say from nothing to two and a half cents; there are some shipments we do not get a division on.

Examiner Burchmore: Shipments to what territory?

Mr. Halpin: Texas, except on the Cotton Belt.

Examiner Burchmore: You receive no divisions or shipments to points in Texas off the Cotton Belt?

Mr. Halpin: No.

Examiner Burchmore: But to other points you receive from one to two and a half cents?

Mr. Halpin: Yes, sir.

Examiner Burchmore: There is not any traffic on which you receive more than two and a half cents?

Mr. Halpin: No.

Examiner Burchmore: Have you ever received more than two and a half cents?

Mr. Halpin: Yes, sir, we did some years ago. Examiner Burchmore: How long ago?

2746 Mr. Halpin: I should say two or three years ago.

Examiner Burchmore: What was that higher division?

Mr. Halpin: We received three cents to points in Texas on the letter Belt.

Examiner Burchmore: That accords with my understanding of your divisions. What is the extent of your freight traffic, give us a general idea?

Mr. Halpin: Our total freight for our last fiscal year amounts to \$38,800.

Examiner Burchmore: Do you know the tonnage?

Mr. Halpin: Well, I have it here some place.

Examiner Burchmore: I will withdraw that question for the moment. How much of that represented earnings on logs at this \$1.25 rate?

Mr. Halpin: Well, I have that here somewhere; \$24,169.

Examiner Burchmore: \$24,000 on the logs?

Mr. Halpin: Yes.

2747

Examiner Burchmore: Well, you mean that was the division you received from the Cotton Belt?

Mr. Halpin: No. I understood you to say at the \$1.25 rate.

Examiner Burchmore: Yes.

Mr. Halpin: Yes, sir, that is what it amounted to.

Examiner Burchmore: How much did you get from the Cotton Belt?

Mr. Halpin: It amounted to about \$9,000.

Examiner Burchmore: Does this \$1.25 charge on the logs amount to more than the charge you would get out of the Cotton Belt on the lumber?

Mr. Halpin: Yes, sir.

Examiner Burchmore: Is not that \$1.25 credited in any way against the freight charges on the outbound movement?

Mr. Halpin: No—well, it is credited to the same account that the percentage from the Cotton Belt is credited to, freight revenue ac-

count.

Examiner Burchmore: If the lumber company has paid \$1.25 on the logs, the lumber company is not permitted to pay any less on the lumber out; it pays the full rate on the lumber out, nevertheless.

Mr. Halpin: Yes, sir.

Examiner Burchmore: How much did you receive from passenger traffic, mail and express and such sources?

Mr. Halpin: \$4,135.

Examiner Burchmore: Making your total revenue how much?

2748 Mr. Halpin: \$42,995 for last year.

Examiner Burchmore: What were your expenses last year?

Mr. Halpin: About \$41,500.

Examiner Burchmore: Then you had a profit of how much?

Mr. Halpin: About \$1500.

Examiner Burchmore: The preceding year you had a larger profit than that on a smaller revenue?

Mr. Halpin: I do not remember what our figures were.

Examiner Burchmore: I think for the fiscal year 1909 the figures apparently are \$35,540.84 revenue, and \$32,172.78 of expense, making a net revenue of \$3,368.06. The major portion of that I assume, was applied as interest on your loan?

Mr. Halpin: Yes, sir.

Examiner Burchmore: You have not any surplus?

Mr. Halpin: Well, we have

Examiner Burchmore: Actual cash surplus, I mean.

Mr. Halpin: Not in cash, but we have a surplus of about \$8,000,

Examiner Burchmore: That is in the road?

Mr. Halpin: Yes, sir.

Examiner Burchmore: Do you keep a separate bank account from the lumber company?

Mr. Halpin: No.

Examiner Burchmore: Do you keep separate books, not separate accounts, but separate books.

Mr. Halpin: Yes, sir.

Examiner Burchmore: Are those books kept in accordance with the Commission's system of accounting?

Mr. Halpin: Yes, sir, strictly.

Examiner Burchmore: How long have they been so kept?

Mr. Halpin: Ever since the Commission inaugurated the new system of accounts, the last two or three years or three or four years. Examiner Burchmore: What is the extent of your passenger traffic, is there any figure you can give other than the revenue?

Mr. Halpin: Yes, sir, we carried 4,562 revenue passengers last

year.

Examiner Burchmore: That is 15 or 20 a day, apparently?

Mr. Halpin: Yes, sir.

Examiner Burchmore: Do the officers of your company receive free passes over other railroads?

Mr. Halpin: Two of us do.

Examiner Burchmore: Those two are also officers of the lumber company?

Mr. Halpin: Yes, sir.

Examiner Burchmore: Do they use those passes?

Mr. Halpin: Yes, sir.

Examiner Burchmore: In interstate travel?

Mr. Halpin: Yes, sir.

Examiner Burchmore: What percentage in your opinion, if you have not the actual figures, of the total tonnage of your road is furnished by the interests that control the road, I refer to the lumber company?

Mr. Halpin: About 70 or 75 per cent-now, of the revenue?

Examiner Burchmore: Of the revenue?

Mr. Halpin: Yes, sir.

Examiner Burchmore: But somewhere near 95 per cent of the tonnage?

Mr. Halpin: The percentage of the tonnage would perhaps be more on account of the heavy tonnage of the logs.

Examiner Burchmore: I neglected to ask you, you have joint rates on class freight applying from Hampton?

Mr. Halpin: Yes, sir, and to Hampton.

Examiner Burchmore: And you get 15 per cent of those rates as your division?

2751 Mr. Halpin: Of the joint tariffs, yes, sir.

Examiner Burchmore: What does that 15 per cent amount to?

Mr. Halpin: Well, of course, business billed in that way is not kept separate in our records, so I have no means of knowing.

Examiner Burchmore: But I mean on a package of class freight, do you get four or five cents per 100 pounds, or 15 or 20, or how does it run?

Mr. Halpin: It runs anywhere from 10 to 20 cents, I should say.

Examiner Burchmore: That is on small freight.

Mr. Halpin: Yes, sir; there is very little business billed that way into Hampton: They buy most of the local freight within the state.

Examiner Burchmore: You use the so-called court tariff, local

tariff?

Mr. Halpin: Yes, sir.

Mr. Walter: As to the telephone used by the lumber company, does the lumber company pay for that?

Mr. Halpin: Yes, sir, a rental.

Mr. Walter: As to the express which you carry, have you 2752 had in consideration between you and the express company

as to an express contract?

Mr. Halpin: Well, no, there is not any express company operating The Pacific Express Company had their man down on our line. there a few months ago and wanted to put in their service on our line, but what they offered was not enough to interest us.

Mr. Walter: You carry the express at your local merchandise

rate?

Mr. Halpin: Yes.

Mr. Walter: As to the number of employés carried by the railroad free for the lumber company, where do most of the lumber com-

pany's employés spend the night?

Mr. Halpin: Well, the men at the plant, the sawmill, do not do any free traveling. It is some of the woods employés who are passed, we send them either way.

Mr. Walter: Any employé going in there is passed free of charge?

Mr. Halpin: Yes, sir.

Walter: The lumber company's employés mostly live at Hampton or in the woods?

Mr. Halpin: Well, the woods employés? Mr. Walter: Yes.

2753

Mr. Halpin: They live in the woods at the camps.

Mr. Walter: And the Thornton employés live mostly at Thornton?

Mr. Halpin: Yes.

Mr. Walter: Can you say what the average would be per month of this free carriage?

Mr. Halpin: Not more than ten passengers a month.

Mr. Walter: What about the rates on classes and commodities from Hampton out, is that high enough to pay you for the service rendered?

Mr. Halpin: Yes, sir.

Mr. Walter: Do you carry all the traffic that goes into or out of Hampton?

Mr. Halpin: Practically, all, yes, sir.

Mr. Walter: We have a photograph of the station at Hampton, together with some of the equipment for the Examiner's view. If that will cumber the record we will not put it in the record, but it simply demonstrates the building at Hampton with the equipment.

We also have some further photographs showing the kind of buildings, the substantial quality of the architecture at Hampton which we also want simply to have the Examiner see.

Examiner Burchmore: I think it would cumber the record a good deal. I do not think the case would be decided on that point. Mr. Walter: Yes. The Court House there is some evidence of the prosperity of the county.

(Photographs presented to the Examiner for inspection.)

Mr. Walter: You furnish the only railroad facilities that Hampton has?

Mr. Halpin: Yes, sir.

Mr. Walter: I think that is all.

Mr. Cowan: About what do you charge people who haul lumber on your line other than the lumber company that owns the road? Do you haul any other lumber for other people?

Mr. Halpin: Hardwood lumber.

Mr. Cowan: What arrangements do you have?

Mr. Halpin: We have a tariff.

Mr. Cowan: Local rates? Mr. Halpin: Yes, sir.

Mr. Cowan: To Thornton?

Mr. Halpin: Well, we have a tariff for interstate business also, a proportional tariff. 2755

Mr. Cowan: How much is the local rate? Mr. Halpin: Five cents per 100 pounds.

Mr. Cowan: Do you move any of it on the local rate?

Mr. Halpin: Yes, sir.

Mr. Cowan: Do you move any on the interstate through rate? Mr. Halpin: Well, the rate is the same, it is a proportional tariff

naming the same rate as the local rate.

Mr. Cowan: So the man shipping lumber from points on your line pays the same rate as anybody else would pay from Thornton plus five cents per hundred pounds?

Mr. Halpin: Yes, sir. Mr. Cowan: And that is the case with staves, stave bolts, and

things of that kind?

Mr. Halpin: I do not know what the rate is on the Cotton Belt for stayes. There is a great deal of that business on our line but it is all charged at the local rate.

Mr. Cowan: In other words, your railroad company does not move any lumber or foreign products on the same rate as the Thornton

rate is?

Mr. Halpin: No, that Thornton rate is only on yellow 2756 pine, and there is no call for-

Mr. Cowan: You do not move yellow pine from points on your line for anybody else?

Mr. Halpin: We would if they offered it.

Mr. Cowan: Well, you do not haul it, they do not offer it?

Mr. Halpin: No.

Mr. Cowan: If they offered it they would have to pay five cents per hundred pounds more than your mill?

Mr. Halpin: No-

Mr. Gaughan: He said the blanket rate was on yellow pine. Examiner Burchmore: I thought he said there was no blanket rate.

Mr. Cowan: That was on hardwood.

Examiner Burchmore: He said in answer to my question that the rates were published in an entirely different manner, that is, the Cotton Belt published-

Examiner Stracker: They apply from anywhere on tap lines, but only apply on yellow pine, and they put the junction rate all

the way back on the tap lines.

Mr. Walter: There is no joint rate on hardwood lumber.

Mr. Halpin: No.

Mr. Cowan: That is all.

2757 Mr. Walter: Can you tell about the amount of forest products in carloads that is now waiting cars for shipment along

Mr. Halpin: 35 or 40 cars. However, that is a little more than

Mr. Coleman: Have you lumber shipments going into what is known as Central Freight Association territory?

Mr. Halpin: Yes, sir, lumber shipments.

Mr. Coleman: That is routed via Thebes mostly?

Mr. Halpin: Via Du Po, East St. Louis, the same as the junction point of the Cotton Belt at East St. Louis.

Mr. Coleman: What is the rate to East St. Louis?

Mr. Halpin: 18 cents at the present time.

Mr. Coleman: That is the same rate as applies from down at Lufkin, is it not?

Mr. Halpin: I think so.

Mr. Coleman: What is your proportion of that rate?

Mr. Halpin: Well, if it is destined for points east of the Mississippi River it is two and a half cents.

2758 Mr. Coleman: What is the distance on the Cotton Belt from your station?

Mr. Halpin: I think it is a little over 400 miles.

Mr. Coleman: Do you recall what the distance is from Lufkin? Mr. Halpin: No, sir, I do not.

Mr. Coleman: Did you say about how many miles it is greater than from Lufkin?

Mr. Halpin: I don't know.

Mr. Cowan: Since you do not get divisions to Texas points, you do not ship lumber down there, do you?

Mr. Halpin: Not very much. We ship some.

Mr. Cowan: You did ship there when you did get divisions?

Mr. Halpin: Some; yes, sir.

Mr. Cowan: The principal part of your lumber goes on the two and a half cent division?

Mr. Halpin: Well, I would say that perhaps 50 per cent of it

Mr. Cowan: And you ship lumber to points in Arkansas locally

for sale? Mr. Halpin: Yes, sir.

Mr. Cowan: Do you get any division on that?

Mr. Halpin: No. 2759

Mr. Cowan: You charge the local rate on it or not? What does your railroad company get out of lumber of this lumber company that is shipped for sale in Arkansas locally?

Mr. Halpin: Nothing.

Examiner Burchmore: Have you not a switching charge?

Mr. Halpin: No.

Examiner Burchmore: It does not handle the lumber, as a matter of fact; it simply handles the logs in?

Mr. Halpin: It does not handle part of it.

Mr. Cowan: And you handle the lumber locally to Arkansas points, the same as you do interstate lumber, so far as the service at the saw mill is concerned?

Mr. Halpin: Yes, sir.

Mr. Walter: Those Arkansas shipments would not amount to more than one or two per cent, would they?

Mr. Halpin: No.

(Witness excused.)

Mr. Sargent: While I was out I believe some question about our line was raised, and I would ask as a special courtesy that you allow me to be heard tonight. It loses me 24 hours unless I can 2760 get out tomorrow morning, and I am quite sure it will not take very long, and if you can hear me I will greatly appreciate it.

Examiner Burchmore: Your road is the Missouri & Louisiana?

Mr. Sargent: Yes, sir.

Examiner Burchmore: And connects with what company? Mr. Sargent: The Kansas City Southern and Santa Fe.

Mr. Cowan: Have you just one witness?

Mr. Sargent: That is all.

Mr. Andrews: Judge Cowan is not at all well. I do not like to go on with any of these matters in his absence. The proposition consists of four industrial enterprises, and I apprehend will take considerable time in the examination.

Examiner Burchmore: I advised Mr. Sargent that I was willing to hold a night session, although I do not feel like it myself, if there was unanimous consent, but I do not feel I can take a road out of order unless there is such consent, especially at a night session.

Mr. Sargent: While there are four of them, two are coal properties, and I do not imagine they will be considered at length, and as to them, they could come following the lumber company, and I could answer your questions in very short order, because there is very little to be said.

2761 Examiner Burchmore: Do other counsel desire an opportunity to cross examine the witnesses in this case?

Mr. Cowan: I am not posted on the case until I hear his testi-

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Examiner Burchmore: I can see that counsel would have some hesitancy in objecting, but if there is really any unwillingness, I do not feel I could take it up.

(After further consideration of this matter the case was set down for tomorrow morning.)

Mr. W. P. Anderson: I represent the Gideon & North Island Railroad Company, and it is imperative that I leave here. I am willing to meet the Commission for hearing at any time and place I am called upon, at St. Louis, preferably.

Examiner Burchmore: Very well, it will be understood that the

Examiner Burchmore: Very well, it will be understood that the Gideon & North Island will not be called at this session, but will be put over for such further hearing as the Commission may arrange.

(Whereupon, at 5:40 P. M., an adjournment was taken to Saturday, December 17, 1910, at 9:30 A. M.)

NEW ORLEANS, LA., December 17, 1910.

2762

Met pursuant to adjournment at 9:30 A. M. Present: Parties as before.

Examiner Burchmore: Gentlemen, we will come to order.

Mr. Cowan: Before taking up any of the cases this morning I want to read into the record the following requests of the trunk lines, made by the intervenors. These requests have been partly made from time to time, but in order that there may be no misunderstanding, and in order that the matter may be in the record on the consideration of the Commission, as well as the consideration of those who receive the typewritten report of the stenographer, I will read the following requests, that the trunk lines furnish a statement to be presented at the beginning of the next hearing of this case, showing for the years ending June 30, 1908, 1909 and 1910 the following matter: I may interpolate that by trunk lines I mean the railroad lines as separate from those that have been denominated the tap lines.

First. The number of saw mills on or adjacent to their lines, the station or place at which the same are located, the name of the lumber company and the name of the lumber company tap line or railroad, if any, serving such saw mills and which con-

nect with the trunk line.

Second. The output of each of such saw mills, delivered to the trunk line by the saw mill or the serving railroad of the saw mill interest.

Third. A sketch showing the track connections of the trunk line with each of the saw mills or with the saw mill's connecting railroad.

Fourth. The number of saw mills located on lumber or logging roads serving them, and which logging or lumber roads connect with the trunk line, and the name of the company operating such saw mill and such lumber or logging road.

Fifth. The aggregate tonnage of lumber delivered to such trunk line by each lumber or logging road; that is, the short line serving

the saw mill or mills.

Sixth. The aggregate amount of divisions paid to each.

Seventh. The tonnage of lumber on which division was paid. Eighth. The tonnage received from each lumber or logging road, on which no division was paid.

Ninth. The tonnage of mills not having a railroad serving them, or having railroads, but not having divisions or allowances

2764 out of the rate.

Tenth. The total lumber tonnage of all sorts in all directions, and the average distance hauled and the earnings per ton mile, where those statistics are kept, and if they are kept by the system of railroad to which the trunk line belongs, then let the statement show the same facts as to the system.

Eleventh. The average car loading of lumber.

Examiner Burchmore: Judge Cowan, your request of course is on the record and will receive the attention of the Commission I may suggest it will probably be a fortnight before the transcript gets to the Commission, and it may take a week later before they can act on the request, and do you not think it would be perhaps well to renew that request, or make the same request of the Commission?

Mr. Cowan: I can hand you this memorandum, or have Mr.

Philips write this out now and hand it to you during the day.

Mr. Walter: On account of the press of time, on behalf of the Galveston, Beaumont & Northeastern, the Peach River & Gulf and the Riverside & Gulf, while the witnesses are here and ready to be heard, we are willing and request that these three cases go over until the subsequent hearing.

Examiner Burchmore: That will involve no special incon-

venience?

Mr. Walter: Nothing but what we are willing to undergo. Then as to the El Dorado & Wesson, the Ouachita Valley Railroad Company and the Fordyce & Princeton Railway, the witnesses and officers of those lines, together with associate counsel, were compelled to leave the city and could not remain for the hearing today. I therefore ask that these cases be passed to a subsequent hearing.

Examiner Burchmore: Mr. Gaughan, of counsel, stated to me it was absolutely impossible for those companies to remain, and requested that they go over, if it could possibly be done, and I agreed that that might be done if the request were renewed this morning by

counsel.

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Mr. Walter: As to the Arkansas Southeastern and the North Louisiana & Gulf, the witnesses and officers of those two lines are here ready to be heard, but they are the last two practically on the call, and cannot be here for a hearing earlier than Wednesday of next week. I therefore suggest that these two cases, if they cannot be reached today, be passed for the subsequent hearing.

Examiner Burchmore: It may be possible that we can hear

2766 the Arkansas Southeastern later in the day.

Mr. Walter: Very well, we will hold ourselves in readiness, and if you think it possible as to the North Louisiana & Gulf, we will do the same.

Examiner Burchmore: I think that may be possible, but not as

probable as in regard to the other.

Mr. Walter: We will hold ourselves in abeyance, and ready to proceed, and will not give you any more trouble.

Examiner Burchmore: The De Queen & Eastern is on the list first.

2767 De Queen & Eastern Railroad.

H. L. DIERKS was called as a witness, and having been duly sworn, testified as follows:

Examiner Burchmore: You are an officer of this railroad company?

Mr. Dierks: I am.

Examiner Burchmore: What is your position?

Mr. Dierks: Secretary and treasurer.

Examiner Burchmore: You are also secretary and treasurer of the Dierks Lumber & Coal Company?

Mr. Dierks: I am.

Examiner Burchmore: I will ask you, Mr. Dierks, if the officers of these two companies are substantially the same?

Mr. Dierks: They are.

Examiner Burchmore: And the persons who hold those offices have practically the same position in each of the two companies?

Mr. Dierks: Yes, sir.

Examiner Burchmore: As a matter of fact, all of the officers of the lumber company are officers in the railroad company?

Mr. Dierks: Well, the elected officers are, yes. 2768

Examiner Burchmore: This railroad connects with the Kansas City Southern at De Queen, Arkansas?

Mr. Dierks: Yes, sir.

Examiner Burchmore: That is one of the termini of the line? Mr. Dierks: Yes, sir.

Examiner Burchmore: And from that point it runs in what direction and for what distance?

Mr. Dierks: Well, it runs in an easterly direction for 27.02 miles. Examiner Burchmore: Is that its terminus?

Mr. Dierks: At present; yes, sir.

Examiner Burchmore: What is the name by which the terminus is known?

Mr. Dierks: Dierks, Arkansas.

Examiner Burchmore: Are there any other main lines of this railroad?

Mr. Dierks: Any other main lines? No.

Examiner Burchmore: What is the extent of the branches?

Mr. Dierks: Well, it varies at times. We have approximately 30 miles of steel for spurs, but it is not often that it is all laid; it probably would average 15 to 20 miles at a time.

Examiner Burchmore: I understand that the Dierks Lum-

ber Company controls this railroad through stock ownership.

Mr. Dierks: The stockholders control the railroad.

Examiner Burchmore: Are the stockholders of the two companies the same, or practically the same?

Mr. Dierks: Well, they are not exactly the same; there is some difference.

Examiner Burchmore: Are those differences extensive?

Mr. Dierks: There is about \$50,000 of the railroad stock that is owned by people that have no stock in the lumber company.

Examiner Burchmore: Do those people have any interest in the lumber company?

Mr. Dierks: No, sir.

Examiner Burchmore: Who are those people that hold the \$50,000 in lumber stock?

Mr. Dierks: Well, I do not know as I can say off hand.

Examiner Burchmore: Have they any relation to the lumber business?

Mr. Dierks: No. sir.

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Mr. Dierl Examine mills anywl Examiner Burchmore: Any lumber business, I mean?

Mr. Dierks: One of them I think has.

Examiner Burchmore: How extensive are his holdings? Dierks: His holdings are not in the South; they are in Ne-

niner Burchmore: Will you file with the Commission a list stockholders of this railroad company, indicating whether they ny relation to the Dierks Lumber & Coal Company, and if not. s their business; that is, whether they are interested in the trade, and have timber holdings in that vicinity? Dierks: Yes, sir.

Andrews: And the amount of stock held by each.

niner Burchmore: Yes, and the amount of stock held by

Dierks: Yes, sir.

niner Burchmore: What is the total capitalization of the 1?

Dierks: Authorized, \$700,000. Issued and paid? niner Burchmore: How much issued?

Dierks: Issued, \$593,700.

Examiner Burchmore: Is not that rather a heavy capital-

ization for a 30 mile railroad?

Mr. Dierks: Not the way it is built. It is built like a rail-

niner Burchmore: I understand the saw mill of the Dierks r & Coal Company, which was formerly located at the juncint of the Kansas City Southern, and near its rails, was deby fire a year or so ago.

Dierks: Yes, sir, a year ago last May. miner Burchmore: Is that mill being reconstructed?

Dierks: No, sir, not yet. niner Burchmore: Well, it is proposed to rebuild it?

Dierks: Well, it will be rebuilt if lumber prices ever get high to warrant the rebuilding of it. Cowan: The company has a saw mill now?

niner Burchmore: The company has no saw mill there at ne.

Dierks: Not in operation. They have a mill, but it is not in m.

niner Burchmore: A small mill?

Dierks: It is small compared with the one that was burned; hard wood mill. The other was pine.

Examiner Burchmore: Do you think that will be opened for operation in the near future?

Mr. Dierks: Not until the pine mill is built.

niner Burchmore: So you might say as a practical matter, apany has no mills there which it will operate until further g is done? Dierks: No, that he not.

niner Burchmo das this lumber company any other saw nywhere?

Mr. Dierks: No, sir.

Examiner Burchmore: Who controls this lumber and coal company?

Mr. Dierks: Well-

Examiner Burchmore: Any special interests?

Mr. Dierks: The Dierks interests, the Dierks family.

Examiner Burchmore: Does the Dierks family have interests elsewhere in the lumber trade?

Mr. Dierks: Individually; yes, sir.

Examiner Burchmore: As a matter of fact, they also control the Sabine & Eastern Railway, do they not, down in Louisiana?

Mr. Dierks: I guess—yes, they would have control of that.

Examiner Burchmore: Are you here as a witness in connection with that company?

Mr. Dierks: No. sir.

Examiner Burchmore: You said \$50,000 in the stock of this railroad is outstanding in the hands of other than the Dierks Lumber & Coal Company stockholders. Are those people related to the Dierks family?

Mr. Dierks: I think some of them are.

Examiner Burchmore: Your list might show that relation, if it has any bearing on it.

Mr. Dierks: Yes, sir.

Examiner Burchmore: Are there any other saw mills along the line?

Mr. Dierks: Yes, sir.

Examiner Burchmore: How many of them? Describe them in a general way.

Mr. Cowan: And where located.

Mr. Dierks: I am not as familiar with the industries on our line as our other witness would be, and I would prefer that he answer that question.

Examiner Burchmore: I will put it to the other witness. What

is your principal tonnage at the present time?

Mr. Dierks: That is a question he ought to answer too, I believe.

Examiner Burchmore: He will testify with respect to the rates and divisions?

Mr. Dierks: Yes, sir.

Examiner Burchmore: Also as to the characteristics of the road; that is, the rails and the stations and so forth?

Mr. Dierks: Well, either one of us can do that.

Examiner Burchmore: What is the weight of the rail in this rail-road?

Mr. Dierks: The majority of it, or practically all of it is 60 pound now.

Examiner Burchmore: How long has it been 60 pound?

Mr. Dierks: Well-

Examiner Burchmore: Two or three years?

Mr. Dierks: No, more than that.

Examiner Burchmore: That is a sufficient answer. The ties are of good grade?

Mr. Dierks: Standard No. 1 ties.

Examiner Burchmore: Is the road ballasted?

Mr. Kirkpatrick: They are oal ties.

Mr. Dierks: Yes. The road, I don't know whether you would call it ballasted or not; it is tamped and well surfaced, and part of it ballasted with cinders.

Examiner Burchmore: Any towns on your line?

Mr. Dierks: Yes, sir.

Examiner Burchmore: What are they?

Mr. Dierks: The first town is called Geneva; the next is Lockesburg; the next is Provo, and the next is Dierks.

Examiner Burchmore: Those are the only towns?

Mr. Dierks: Yes. sir.

Examiner Burchmore: What is the size of these towns in a general way?

Mr. Kirkpatrick: Describe De Queen first.

Examiner Burchmore: Yes, I did not mention De Queen; that is

the beginning of the road.

Examiner Burchmore: Describe those towns in a very brief way. Mr. Dierks: De Queen is a very lively Arkansas town of possibly 3,000 people or such a matter, and seems to be very prosperous. There are a great many stores there; I don't know how many, hotels and every other industry that goes to make up a southern city or town.

The town of Geneva does not amount to a great deal. I do not know; there are one or two or three stores, I believe. There is one, I know. I don't know about the rest of them. And a church and school bouse. And there is a saw mill at that point, I believe.

Lockesburg, up until recently, was the county seat of Sevier

Mr. Kirkpatrick: It was a town before the War, was it not?

Mr. Dierks: It was a very old town. Yes, it was there before the War. Our road was the first road that reached the town, and it is the only one there now.

Examiner Burchmore: Why did they move the county seat?

Mr. Dierks: They voted it out. De Queen got too strong for them. The town of Provo is a small town; I believe it has three stores. I do not know what other industries are there. Our other witness can describe these towns more than I can.

Examiner Burchmore: Any population there?

Mr. Dierks: There are some people there; I don't know how many.

Examiner Burchmore: Does this lumber and coal company have
any stores of its own at these towns?

Mr. Dierks: It has a store at Dierks. The town of Dierks I should judge, is about three or four hundred people, and it has a number of mercantile establishments, drug stores and bank and in fact everything that goes to make up a small sized town.

Examiner Burchmore: Are any of these towns on the wane since the lumber company ceased operation?

Mr. Dierks: Well, we expected them to be, but they are not.

Examiner Burchmore: They are keeping right up?

Mr. Dierks: Yes, sir. At the town of Dierks we have no employees there, except one, outside of the general store.

Examiner Burchmore: Are there any private tram roads that

connect with this railroad, any logging spurs?

Mr. Dierks: No private, no.

Examiner Burchmore: Well, this road owns and operates the logging spurs?

Mr. Dierks: When they are in operation; yes, sir.

Examiner Burchmore: Are there any in operation at the present time?

Mr. Dierks: No, sir.

Examiner Burchmore: Those logging spurs ceased to be operated when the mill burned down?

Mr. Dierks: Yes, sir. I say they are not in operation; 2778 there is one spur that is occasionally used, but that is very seldom, by another party who has a little timber out there.

Examiner Burchmore: There are not any logging spurs owned

by these other mills to which you made general reference?

Mr. Dierks: No.

Examiner Burchmore: Have those mills expressed or manifested a desire to have this railroad put in spurs for their special benefit?

Mr. Dierks: Those have spurs for their loading.

Examiner Burchmore: But I mean up into their woods.

Mr. Dierks: Not that I know of, no.

Examiner Burchmore: Would you honor such a request, if made? Mr. Dierks: We would, if the tonnage would justify the expense. Examiner Burchmore: Did the tonnage of logs originated by the Dierks Lumber people justify the expense of putting the spurs into their woods?

Mr. Dierks: Yes, sir.

Examiner Burchmore: They cannot cut any more logs in a given territory than any one else can, can they?

Mr. Dierks: Well, they can cut more than some people 2779 It depends on how much money the other fellow how

Examiner Burchmore: What do you mean by justifying the ex-

pense, in the case of a spur built into another man's woods?

Mr. Dierks: It would take a certain amount of tonnage or a certain length of time to repay the railroad for the expense they would go to in building the spur.

Examiner Burchmore: What I mean is this: If you build a spur track three miles into the woods for the purpose of hauling logs out. there is a certain maximum amount that must be hauled out of that spur; you cannot haul any more than are in the woods.

Mr. Dierks: No. Examiner Burchmore: There are just as many in the woods of John Smith or John Brown as in the Dierks woods?

Mr. Dierks: Probably.

Examiner Burchmore: Would not these people pay as much for getting the logs from those spurs as the Dierks Lumber Company would pay?

Mr. Dierks: They would if they had the timber there.

Examiner Burchmore: You mean there is not any one else

2780 who has the timber?

Mr. Dierks: Well, yes, there are a number that have timber there, but I do not believe there is anybody that has any quantity of timber.

Examiner Burchmore: What did the Dierks Lumber Company pay to this railroad for getting their logs hauled over these woods

tracks up to the main line?

Mr. Dierks: They paid \$6.00 for a single car and \$12.00 for a

double car.

Examiner Burchmore: How much was the load of one of those cars?

Mr. Dierks: Do you mean in feet?

Examiner Burchmore: In any quantity in which it might be measured.

Mr. Dierks: A single car would hold probably 3,000 to 3,500, depending on the size of the logs.

Mr. Kirkpatrick: Describe the character of these cars and then

the Examiner will understand.

Mr. Dierks: We have some cars that are short; that is, 48 foot cars; they will only hold one length. The most of our cars, however, are 40 feet, 60,000 pound capacity, standard flat cars, and they will hold two lengths.

2781 Examiner Burchmore: Do you have any double deck logging cars?

Mr. Dierks: No.

Examiner Burchmore: Is there such a thing?

Mr. Dierks: I never heard of a double deck lumber car.

Examiner Burchmore: I saw somewhere in reference to these reports, a reference to a rate on double deck cars.

Mr. Dierks: They probably called it double deck because they can

haul two lengths.

Examiner Burchmore You say they charged \$6.00 for hauling the logs. What did that \$6.00 cover?

Mr Dierks: It covered hauling the logs from the point of origin on the spur track to the main line.

Examiner Burchmore: And then from the main line up to the mill there was an additional charge of some sort?

Mr. Dierks: That was covered, I believe, by the divisions that the railroad received out of the through billing.

Examiner Burchmore: How many locomotives has this railroad at the present time, or should I ask the other witness?

Mr. Dierks: You should ask the other witness.

Examiner Burchmore: You stated, I believe, that the capitalization of this railroad; that is, the out-capital stock, amounts to 2782 \$593,000.

Mr. Dierks: \$593,700, ves. sir.

Examiner Burchmore: \$593,700?

Mr. Dierks: Yes, sir.

Examiner Burchmore: Are there any bonds outstanding?

Mr. Dierks: No.

Examiner Burchmore: Any other indebtedness?

Mr. Dierks: Nothing only current bills.

Examiner Burchmore: What did the road cost to build?

Mr. Dierks: Up to date?

Examiner Burchmore: Up to date.

Mr. Dierks: Well, I don't know. It cost more than the books show. The books show it cost, I believe, \$599,000, in that neighborhood, but it cost more.

Examiner Burchmore: Now, a part of that total cost is to be accounted for by the fact that you have from time to time taken up and

relaid these spur tracks into the woods?

Mr. Dierks: No, sir, that is not in a fixed account, the spur track. Examiner Burchmore: Those are owned and operated by the railroad, when they are operated?

Mr. Dierks: Yes, sir.

2783 Examiner Burchmore: But the railroad does not own the right of way on which they are laid, of course?

Mr. Dierks: Part of it.

Examiner Burchmore: Do I understand that the lumber company formerly paid for the movement of these tracks from place to place in its woods?

Mr. Dierks: No, sir; the railroad pays all that expense, and charges it to an expense account.

Examiner Burchmore: It goes right into operating expenses?

Mr. Dierks: Yes, sir.

Examiner Burchmore: Of course the effect of that is to increase the total operating expenses for the year. Do you understand that that is a correct manner of charging this cost, under the rules of the Commission, as prescribed for accounting?

Mr. Dierks: That is my understanding of it.

Examiner Burchmore: What dividends has this company paid

on its stock?

Mr. Dierks: Well, the company has only paid one dividend that I know of, and I don't really know just when that was. It was five or six years ago, I believe, or four or five at least, of six percent.

2784 Examiner Burchmore: What surplus has it at the presentine?

Mr. Dierks: I believe the surplus account up to the end of the last year was only about \$2,000. However, the road has made more money than that.

Examiner Burchmore: If you have only paid one dividend of six per cent, and only have \$2,000, about, in the treasury as surplus.

where has the rest of the profit gone to?

Mr. Dierks: The rest of the profits have gone to the building up of the road, taking up 45 pound steel and relaying with 60 pound.

reducing grades, shortening the line, all of which has gone into operating expense instead of fixed account.

Examiner Burchmore: It has gone into operating expenses. Do

vou not mean-

Mr. Dierks: Well, maintenance of way, or whatever it is called. Examiner Burchmore: And all the improvements you make on the road you charge right up to operation?

Mr. Dierks: Well, not all of them. On the roadbed I believe all

of them go to those accounts.

Examiner Burchmore: Now, you said the road cost, as far as the books show, \$599,000. Do you mean \$599,000 plus the amounts which you have spent from year to year on additions and have taken out of your operating expense account?

Mr. Dierks: Yes, it cost in addition to that figure.

Examiner Burchmore: And that \$599,000 plus these additions you now refer to, does that total amount represent the cost of the permanent tracks and permanent line of the railroad, or does it represent the cost of that line and the cost of this temporary moving of tracks?

Mr. Dierks: It does not include the cost of these temporary mov-

ing tracks, these spur tracks.

Examiner Burchmore: Did you understand the question correctly? Is it not a fact that the main line, the permanent line, has cost to date about \$599,000 and no more?

Mr. Dierks: It has cost more than that, because, as I say, these expenses of putting in 60 pound steel instead of 45 pound steel, and other general improvements-

Examiner Burchmore: That is not in the \$599,000,

Mr Dierks: No.

Examiner Burchmore: How much have these spur tracks cost from time to time?

Mr. Dierks: I have no figures here to tell that

Examiner Burchmore: That cost is all included in your operating expenses from year to year? ..

Mr. Dierks: So I understand.

Examiner Burchmore: But your operating expenses from year to year have not included any great amount of expenditure on the main line, aside from the matter of relaying rails?

Mr. Dierks: Yes, quite a bit.

Examiner Burchmore: I wonder if you can-

Mr. Dierks: The main line has been bettered right along.

Examiner Burchmore: Your annual report shows that the cost of this road to date, with equipment, is \$599,000, and you say that is not accurate. Are you able to supply the Commission later with any figures as to the real cost of this road?

Mr. Dierks: No.

Examiner Burchmore: Then we will just assume it cost \$600,000 or \$700,000, or some greater sum?

Mr. Dierks: Yes. sir.

Examiner Burchmore: As a matter of fact, it would not cost any \$600,000 to rebuild that line as it stands today, would it?

Mr Dierks: I don't see why it wouldn't.

Examiner Burchmore: You think the road is worth \$30,000

2787 a mile?

Mr. Dierks: \$30,000? It would not be \$30,000, would it?

Mr. Cowan: Nearly \$20,000.

Examiner Burchmore: Yes, that is true. Mr. Dierks: That road, including equipment and its facilities in the way of stations, shops, and so forth, is worth that price, yes, sir,

Examiner Burchmore: Were the stockholders of this company satisfied to have the operating expenses increased from year to year by the amount of money that was expended in changing these tracks, which were used only by the logging company? I should think they would prefer to have their net revenue divided up in the shape of dividends.

Mr. Dierks: Well, they are figuring on making the road a permanent road, and would as soon see it go back into the road as to take

it out.

Examiner Burchmore: But I cannot see why these minority stockholders, who have no relation to the lumber company can stand by and be satisfied to have a great amount of money expended each year on what amounts to private logging tracks for the interest of the Dierks Lumber Company.

Mr. Dierks: Well, I do not know as I understand that,

2788 Mr. Kirkpatrick: Can I ask a question?

Examiner Burchmore: You certainly may. I want to get at the situation.

Mr. Kirkpatrick: Is it not true that this \$6.00 on single cars and \$12.00 on double cars did bring in a revenue?

Mr. Dierks: Yes, sir.

Mr. Kirkpatrick: And that was the purpose of laying them?

Mr. Dierks: Yes, sir.

Examiner Burchmore: Well, did that pay for laying those rails in the woods, taking them up and the cost of the rails and the cost of operating those tracks and yield a profit in addition?

Mr. Dierks: I believe it has. I do not think it has yielded any

loss.

Examiner Burchmore: You think they have made a profit?

Mr. Dierks: I think so.

Examiner Burchmore: When was this saw mill opened for operation at De Queen?

Mr. Dierks: I believe it was in 1902. Examiner Burchmore: About that time?

Mr. Dierks: About that time; yes, sir.

2789 Examiner Burchmore: Was it then owned by the present company?

Mr. Dierks: Yes, sir.

Examiner Burchmore: When was construction begun on this railroad?

Mr. Dierks: In 1900.

Examiner Burchmore: Before the railroad was built?

Mr. Dierks: Yes, sir.

Examiner Burchmore: How much of it was constructed at that time?

Mr. Dierks: I don't know exactly. I think there was about seven or eight miles completed by the time the mill was completed. Examiner Burchmore: When was the railroad incorporated as

a railroad?

Mr. Dierks: In 1900.

Examiner Burchmore: It was at that time incorporated as a common carrier?

Mr. Dierks: It was.

Examiner Burchmore: Of freight and passengers?

Mr. Dierks: Yes, sir.

Examiner Burchmore: And it has held itself out to the public as such common carrier?

Mr. Dierks: Yes, sir.

Examiner Burchmore: What were the primary purposes of the building of this railroad?

Mr. Dierks: The purposes were to serve the people.

Examiner Burchmore: Well, there were not any woods immediately adjacent to that saw mill at that time, were there?

Mr. Dierks: Immediately adjacent?

Examiner Burchmore: Yes, close at hand: they needed a road to get up to their woods, among other things.

Mr. Dierks: Yes, they needed a road, or some way to get the logs

in or else build the mill out in the country.

Examiner Burchmore: That is what I mean. There was not any forest immediately around this mill to be cut; they had to go some distance to get the logs?

Mr. Dierks: There was some forest within a short distance.

Examiner Burchmore: From the beginning of this railroad has it actually carried all the logs milled in the Dierks plant?

Mr. Dierks: Yes, sir. practically all, if not all. I do not know of

any that it has not hauled.

Examiner Burchmore: Is there any river there on which they could float the logs down?

Mr. Dierks: Not at De Queen. There is a river out on the line: I do not know whether it is big enough to float logs or not.

Examiner Burchmore: There is a contract between the lumber company and this railroad company entered into in 1908 which covers this movement of the logging cars to and from the mill, is there not?

Mr. Dierks: I believe so.

Examiner Burchmore: That contract provides this \$6.00 charge for the hauling which you have referred to, and also provides a charge of \$1.25 for loading logs.

Mr. Dierks: Yes, sir.

Examiner Burchmore: Are you familiar with the terms of that contract?

Mr. Dierks: No. I am not familiar with the terms now. I was at

the time, but I have forgotten it now.

Examiner Burchmore: That contract, as I said, was entered into in 1908 and it recites among other things that whereas said lines of

spur track, referring to some of these spurs up into the woods, are of no commercial value for any purpose other than to collect the

logs of the Dierks Company and transport them to the main logs of the railroad, to be hauled to the mills of the Dierks

Company—but the part of the contract that I wanted to refer to was this. A paragraph provides that the lumber company shall pay the railroad company "the sum of \$1.25 for loading each single deck car with logs, and the sum of \$2.50 for loading each double deck car with logs." Just what is a single deck and a double deck car?

Mr. Dierks: Under that contract it means that the single decks are the short cars which will only haul one length of logs, and the double decks are the long, 40 feet cars, which will hold two lengths.

Examiner Burchmore: I was thinking of these hog cars, with decks that are one above the other, and I wondered if that was the kind of car here, and wanted an explanation. This contract also provides that it shall be expressly understood and agreed that all the logs hauled up to the mill shall be manufactured into lumber by the Dierks Lumber Company, and be shipped out to market over the lines of the Kansas City Southern from the town of De Queen. Is that contract still in force; has it been abrogated?

Mr. Dierks: I do not know that it has ever been withdrawn,

2793 although it is not used now.

Examiner Burchmore: Certainly it is not in use now, but it has not been abrogated?

Mr. Dierks: No.

Examiner Burchmore: Does the railroad file annual and other reports with the Interstate Commerce Commission?

Mr. Dierks: It does.

Examiner Burchmore: I understand that as a matter of fact there has been some delay in filing its report for the present year, but that it is in preparation.

Mr. Dierks: It will be ready in about three or four days, I understand. There was some delay in getting the books out by the Com-

mission, I believe.

Examiner Burchmore: Are the accounts of this company kept in accordance with the system prescribed by the Interstate Commerce Commission?

Mr. Dierks: As well as we know how.

Examiner Burchmore: Do you keep separate accounts from the lumber company?

Mr. Dierks: Absolutely.

Examiner Burchmore: Are the cars equipped with safety devices?

2794 Mr. Dierks: Yes, sir.

Examiner Burchmore: I think that is all of this witness. Mr. Kirkpatrick: Now. Mr. Dierks, as I understand it, the lumber company pays \$6.00 a single deck and \$12.00 a double deck car load of logs for transporting the logs over the spurs to the end of the main line.

Mr. Dierks: Yes, sir, to where it connects with the main line.

Mr. Kirpatrick: And in addition to that they pay \$1.25 for a single car, and \$2.50 for a double car of loading?

Mr. Kirkpatrick: As I understand, the logs are deposited by the lumber company with teams on the spur tracks.

Mr. Dierks: Along the spur tracks; yes, sir.

Examiner Burchmore: You are speaking now of what they used to do?

Mr. Kirkpatrick: Yes, it is the general custom, and if the mill is ever operated again, I suppose it will be the same. Then the railroad Mr. Dierks: Yes, sir. company loads them with steam loaders?

Mr. Dierks: Yes, sir. Mr. Kirkpatrick: Is it not true that this charge of \$6.00 2795 and \$12,00 a car for spur hauling, and the \$1.25 and \$2,50 for loading was intended to and does produce a revenue to the railroad company?

Mr. Dierks: It was intended to and I believe it does.

Mr. Kirkpatrick: That is over and above all the expense of moving the spurs and putting them down, and the interest on the investment and all those things?

Mr. Dierks: Yes, sir.

Mr. Kirkpatrick: Is it not true that at the time this railroad was chartered in 1909 that it was intended to make a permanent railroad of it?

Mr. Dierks: It was.

Mr. Kirkpatrick: Now, is it not true also that a number of miles of extra road were built on account of reaching Lockesburg, the

Mr. Dierks: Yes, sir, I believe it was about six miles that we went county seat? out of our way, that is, went out of the way of the Dierks Lumber & Coal Company's timber, to reach Lockesburg, and a very expensive railroad building.

Mr. Kirkpatrick: Now, what was the extra cost of making that

connection, would you say?

Mr. Dierks: Well, it cost us extra by going around that way rather than going in a straight line between \$75,000 and 2796 \$100,000 additional.

Mr. Kirkpatrick: And I believed you received a donation from the town of Lockesburg. What did that amount to?

Mr. Dierks: About \$15,000.

Mr. Kirkpatrick: About how many people has the town of Lockes-

Mr. Dierks: It is supposed to have about 1,200, as I understand it. Examiner Burchmore: And at the time the road was incorporated, it was the county seat, and has been for 30 or 40 years?

Mr. Dierks: Yes, sir.

Mr. Kirkpatrick: And it was only recently that the county seat was moved to De Queen?

Mr. Dierks: Yes, sir.

Mr. Kirkpatrick: Which is also on the De Queen & Eastern Railroad?

Mr. Dierks: Yes, sir.

Mr. Kirkpatrick: Now, about how many miles apart are those spurs laid, and about how much of a team haul would you say the lumber company had to make to each spur?

Mr. Dierks: Well, the spurs are laid according to the lay of the land. I do not believe there are any of them closer than three miles, and none of them are five miles apart.

Mr. Kirkpatrick: And the lumber company necessarily moves its

logs by team that distance?

Mr. Dierks: Yes, from the dividing line between the two spurs each way.

Mr. Kirkpatrick: How does that compare with the average haul of the small mills located along the line?

Mr. Dierks: I don't believe the majority of the small mills haul their logs any further than that.

Mr. Kirkpatrick: You do not think they do?

Mr. Dierks: No, and they do not have \$5.00 a car to pay, either.

Mr. Kirkpatrick: Nor the expense of loading?

Mr. Dierks: No.

Mr. Kirkpatrick: Do they get absolutely the same rate that the Dierks Lumber & Coal Company does for hauling on the main line? Mr. Dierks: Absolutely.

Mr. Kirkpatrick: No discrimination of any kind in that regard?

2798 Mr. Dierks: Not if we know it.

Mr. Kirkpatrick: Where are the general offices of the company located?

Mr. Dierks: Of the De Queen & Eastern?

Mr. Kirkpatrick: Yes.

Mr. Dierks: At De Queen, Arkansas.

Mr. Kirkpatrick: Has that any connection at all with the lumber company or its offices?

Mr. Dierks: None whatever.

Mr. Kirkpatrick: A separate building?

Mr. Dierks: Absolutely; about a quarter of a mile apart.

Mr. Kirkpatrick: About how extensive is the general office building there?

Mr. Dierks: Well, it is a very large building, I might say, coasisting of an agent's quarters, a general office for the accounting, waiting rooms, divided into white and colored divisions, freight and baggage room, and an express room, and all facilities needed by a railroad.

Mr. Kirkpatrick: What does the company do in regard to preserving its records, in accordance with the orders of the Commission?

Mr. Dierks: Why, it preserves them.

Mr. Kirkpatrick: Has it taken any precautions to observe 2799 those rules and preserve the records, and if so, what?

Mr. Dierks: It has built a large fire proof vault in the general

offices for that purpose.

Mr. Kirkpatrick: And all the past records of the company are kept in accordance with the rules of the Commission as to preserving them?

Mr. Dierks: Yes, sir, they are.

Mr. Kirkpatrick: You say this detour, as it might be called, to reach the town of Lockesburg, cost something like \$75,000?

Mr. Dierks: I should think that much anyway, and possibly

more

Mr. Kirkpatrick: Describe some of the cuts on the road.

Mr. Dierks: There are two very deep cuts right near Locke-burg, I should judge they are about 25 feet deep, and the two of them combined are two or three hundred yards long, very expensive build-

Mr. Kirkpatrick: Very expensive work?

Mr. Dierks: Yes, and just after going through that cut there is a long fill of about the same height, maybe not quite so high. Mr. Cowan: I would like to suggest, in the interest of 2800 time, that the witness has described what it cost, and says it is a permanent line, built for the general purposes of a common carrier, and going into the details of construction simply consumes unnecessary time, from our viewpoint.

Examiner Burchmore: I think so.

Mr. Cowan: And there would be no contention that they did not prove it, and in the absence of proving that, the amount of traffic would show.

Examiner Burchmore: It seems to me the details of construction

might be omitted.

Mr. Kirkpatrick: There are some few items of construction 1 want to put in the record.

Mr. Cowan: Well, it has to be a good railroad.

Examiner Burchmore: Did it cost \$20,000 a mile?

Mr. Kirkpatrick: That includes equipment.

Examiner Burchmore: Was the money wisely expended? Mr. Dierks: I think so. I do not know but what we made a mistake in going to Lockesburg, but we did not know it at the time. Examiner Burchmore: I mean you did not waste any money in

construction?

2801 Mr. Dierks: No.

Examiner Burchmore: And the road is well built?

Mr. Dierks: Yes, sir.

Examiner Burchmore: I do not think you need to spend any more time.

Mr. Kirkpatrick: I want to show there are a number of steel bridges crossing streams.

Examiner Burchmore: Is that true?

Mr. Dierks: Yes, sir.

Mr. Kirkpatrick: And some very expensive culverts crossing streams, all of which I think are very important details to show it is an actual railroad.

Examiner Burchmore: Please be as brief as possible.

Mr. Kirkpatrick: State something of the character of the bridges. Examiner Burchmore: I would not go into the character of the

bridges. He has stated that.

Mr. Dierks: Would it make any difference to know that one of the bridges is a 200 foot span bridge, with concrete filled cylinders for piers?

Mr. Kirkpatrick: Yes, we want to know that, and the length of

the other bridge.

2802 Mr. Dierks: The other is 150 foot span, and at present it is resting on piles.

Examiner Burchmore: There will be no further questions, please.

about bridges.

Mr. Kirkpatrick: I understood you to say I might ask that. I can ascertain from the other witness the nature of the depot and stations, and so forth.

Mr. Dierks: Yes.

Mr. Kirkpatrick: I think that is all.

Mr. Cowan: I suppose at the beginning of this enterprise there was some one promoting it who decided on building the railroad and the That was all one transaction, to begin with? saw mill.

Mr. Dierks: Why, I expect you might call it all one transaction.

Mr. Cowan: Who financed the whole proposition?

Mr. Dierks: Different people; the stockholders of both companies.

Mr. Cowan: There must have been some moving spirit in it. You might just tell us briefly how the thing was promoted and financed.

Mr. Dierks: Well, the Dierks interests; there are about 2803 twenty of them, I don't suppose you want the names of all of them?

Mr. Cowan: No, that will be filed later with the list of stockholders and the amount of the stock.

Mr. Dierks: Do you want the principal owners; is that the idea?

Mr. Cowan: Yes, who were the principal movers?
Mr. Dierks: Mr. Hans Dierks, Mr. Herman Dierks, the Estate of

Peter Dierks and the Estate of Henry Dierks.

Mr. Cowan: The proposition was to get hold of this timber for quite a distance, and build a railroad which would be used for all purposes, as well as for moving the logs to the saw mill and moving that lumber out?

Mr. Dierks: The purpose was to serve the general public, includ-

ing the Dierks Lumber & Coal Company.

Examiner Burchmore: Did the lumber company furnish the money to build the railroad?

Mr. Dierks: No.

Mr. Cowan: But the interests who furnished the money for one, furnished it for the other, practically?

Mr. Dierks: The interests are practically the same.

Mr. Cowan: And neither enterprise would have been un-2804 dertaken without the other?

Mr. Dierks: Well, I cannot say that. If somebody else had

come along and built a railroad for our benefit, or for anybody else's benefit-

Mr. Cowan: Well, the object was the combined interests, is what I mean.

Mr. Dierks: That had a great deal to do with it, yes sir.

Mr. Cowan: Judging from the amount of returns that the railroad company obtains from its operation, it would seem to indicate that the object of constructing the railroad was to give service to the controlling interest.

Mr. Dierks: That was not the sole object, no. As I say, the money made in the railroad has been expended on the railroad to

make it permanent.

Mr. Cowan: The figures returned to the Interstate Commerce Commission by the examiners show for the year 1908 that the gross returns by the controlling interests of the road were \$112,341, and by other traffic it is estimated at \$5,900, making \$118,242. Operating expenses, \$113,541. Net earnings \$4,700. I assume that was obtained in your office by the examiners of the Commission.

Mr. Dierks: I do not know whether it was or not. It does

2805 not sound reasonable, though.

Examiner Burchmore: May I interrupt you? Is Mr. C. C. Ray present?

Mr. Dierks: Yes.

Examiner Burchmore: He is the other witness?

Mr. Dierks: Tes. sir.

Examiner Burchmore: When the examiner of the Commission called upon your company at the time referred to by Mr. Cowan about a year or a year and a half ago, he reported to the Commission that the information that he turned in was cheerfully supplied by Mr. C. C. Ray, the general freight agent. In a letter dated January 19, 1910, Mr. Herman Dierks, vice-president and general manager of this railroad, advised the Commission that Mr. Ray had been with the railroad only a short time and was not fully acquainted with the divisions, and therefore that he had inaccurately answered a number of questions asked by the examiner. I might just state what those inaccuracies were in his reply.

2806 Mr. Cowan: Yes.

Examiner Burchmore: For example he was asked "Are the railroad's operations independent of the industrial operations of the controlling interest?" and he answered "No," meaning that they are not independent. And the Commission was asked to correct that record to read "Yes," meaning that they are independent.

In question No. 14 he was asked, "Was the railroad constructed for the purpose of serving the controlling interest," and being a new employee he said, "Yes." His superior officer indicated that it

should have been "No."

Another question which is numbered here 22 is, "Is switching performed for the public? A. None offered." And his superior officer said "Yes," instead of "None offered."

And aside from some corrections as to the divisions, which is not

necessary to state, the vice-president subsequently advised the Commission that Mr. Ray's figures as to traffic earnings were entirely inaccurate. Instead of being \$112,341.92 revenue on traffic supplied by the controlling interest it ought to be \$88,242.48, estimated: \$88,000 instead of \$112,000. And then on other traffic the

figures should be \$30,000 in round figures estimated, instead 2807 of \$5,900.56. This makes the total operating revenue \$118,-242.48, exactly the same figure as Mr. Ray had given. The item of \$5,900.56 on traffic supplied by other than the controlling interest is stated by the vice-president in his correction to have been entirely wrong, as during the period referred to the revenues from passenger traffic alone were \$8,372.96, and from mail \$750.91, and from express \$1,059.41, making the total passenger mail and express revenue of \$10,183.28, and freight outside of the Dierks Lumber & Coal Company's business was estimated at about \$20,000. I do not know how it is that the general freight and passenger agent of this railroad was so completely wrong in his figures and how it was that he gave the exact figures, whereas the corrected figures are estimated. I suggest you had better file some sort of statement to clear up this discrepancy.

Mr. Cowan: Yes, a statement from the books. He says he keeps the books in accordance with the Interstate Commerce Commission requirements, and if they do, let the books show them and have no

estimate about it. Of course I was just going by the information here. I read this because it was the information I had.

2808 You are doing the business that is required by the people living along your line and in the towns in the ordinary way a railroad would do it?

Mr. Dierks: Yes.

Mr. Cowan: And your accounts ought to show how much that is?
Mr. Dierks: Yes, sir.

Mr. Cowan: But my point really is that by far the larger proportion of the earnings on this railroad come from serving the saw mills' interests?

Mr. Dierks: Well, I presume the larger proportion of them do:

yes, sir.

Mr. Cowan: Well, you know the larger portion of them do? Mr. Dierks: Yes, sir. In the past year, though, I do not know

how they will be in the future.

Mr. Cowan: Had it not been for that traffic in prospect and which could have been obtained it would have been a perfectly foolish venture to have built the railroad?

Mr. Dierks: I presume it would at that time.

Mr. Cowan: And would today?

2809 Mr. Dierks: Well, I don't know about it today.

Mr. Cowan: When did the mill burn?

Mr. Dierks: It may have been 1909.

Mr. Cowan: And since that time have you got a record of what your traffic earnings have been?

Mr. Dierks: I have a record up to June 30th, yes.

Mr. Cowan: Let your statement that corrects these previous figures

also show the figures on the same items for the fiscal year ending June 30th, 1910.

Mr. Dierks: These figures can be given now in dollars and cents

if you would like them.

Mr. Cowan: Well, we would like the tonnage figures as well as the dollars and cents figures. Have you got the dollars and cents now in your hand?

Mr. Dierks: Yes.

Mr. Cowan: You might just give that now.

Mr. Dierks: For the year ending June 30, 1910, the passenger revenue was \$5,303.58; for freight \$46,603.76; for mail \$670.53; express \$977.12; excess baggage \$139.21; miscellaneous \$685.31; total earnings \$54,379.51.

Mr. Cowan: Operating expenses, how much?

Mr. Dierks: Operating expenses including depreciation was \$59.049.12.

Mr. Cowan: A deficit of how much?

Mr. Dierks: \$4,669.61.

Mr. Cowan: How much timber land did the Dierks interests own to which they were building this road?

Mr. Dierks: At the time they started to build the road?

Mr. Cowan: Well, put it that way then and how much they ac-

quired afterwards.

Mr. Dierks: I do not know how much they owned at that time, but it was only a small amount, something like 15,000 or 20,000 acres. The majority of their land, practically every tree they have now has been bought since the railroad was built.

Mr. Cowan: How much does it amount to?

Mr. Dierks: In fee simple and timber rights they have about 120,000 acres.

Mr. Cowan: How much of the aggregate tonnage or earnings for 1910 were supplied by the Dierks Lumber & Coal Company?

Mr. Dierks: Under the coal item, the Dierks Lumber & Coal Company supplied on forest products \$25,121.21 or 53.9 per cent of the total earnings. Other forest products shipped by other

2811 than the Dierks Lumber & Coal Company, a revenue of \$10,112.89, 21.6 per cent of the total freight earnings. Other freight outside of forest products was \$11,369.66 or 24.5 per cent of the total freight earnings.

Mr. Andrews: Who supplied that?

Mr. Dierks: Our accountant.

Mr. Andrews: Did the Dierks interest supply any of that tonnage of this last item, generally?

Mr. Dierks: The last item?

Mr. Andrews: Yes.

Mr. Dierks: Very little.

Mr. Andrews: What percentage?

Mr. Dierks: I should judge about 10 per cent. Examiner Burchmore: 10 per cent out of the 20?

Mr. Dierks: No, one-tenth of the \$11,000 which would be one thousand and some dollars.

Examiner Burchmore: Has that company any coal mines?

Mr. Dierks: No.

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Examiner Burchmore: What does "coal" mean in the name?

Mr. Dierks: It was incorporated with that name, as they handle coal in a retail way in Nebraska.

Mr. Cowan: When the mill burned down of course you 2812

ceased to haul logs to the mill?

Mr. Dierks: Not right away. We hauled logs to the hardwood mill for a couple of months after that,

Mr. Cowan: How much of the 1910 year for which the figures

were given did you run the hardwood mill?

Mr. Dierks: I should judge about two months.

Mr. Cowan: Now this large amount of tonnage supplied, that is of the earnings, consisted in shipping out lumber that had been already manufactured?

Mr. Dierks: Yes, a large amount of it.

Mr. Cowan: But a very small part of the logs that were hauled into the hardwood mill?

Mr. Dierks: Yes, sir. Mr. Cowan: At the present time you have no lumber to ship

and no logs to haul in for the Dierks interests?

Mr. Dierks: They might have a little lumber left; they have no logs to haul in. They are closed down at the present time completely.

Mr. Cowan: Where — these other mills which are shipping over

your line?

Mr. Dierks: From where?

2813 Mr. Cowan: Where are they located on your line?

Mr. Dierks: Our other witness can answer that question better than I can.

Mr. Cowan: You do not know. All right. You said there were no bonds?

Mr. Dierks: No bonds.

Mr. Cowan: I am curious to know how this \$600,000 was obtained; was it by sale of the stock or did the lumber company finance it?

Mr. Dierks: I said a while ago the lumber company did not

finance it.

Mr. Cowan: Was it by sale of stock that the money was obtained?

Mr. Dierks: Yes.

Mr. Andrews: When you haul these logs in and ship the lumber out do you make any refund of any character to the lumber company on the divisions you get on the outward movement?

Mr. Dierks: No.

Mr. Cowan: Do you make any charge of any sort except the through rate of freight to the other mills located on your line? 2814 Mr. Dierks: No, sir, the through rate of freight, except

those we might haul logs for.

Mr. Cowan: They are pine mills? Mr. Dierks: Some of them are pine and some of them cut hardMr. Cowan: It has been understood here that the hardwood lumber rates are not on a blanket system on some of these lines. Does hardwood take the same rate from points on your line as it does from De Queen?

Mr. Dierks: Our other witness will tell you about rates.

Examiner Burchmore: A statement of the stockholders attached to our report as of date August, 1909, shows that persons of the Dierks family hold considerably in excess of 5,000 shares of the stock in this corporation, and something like 500 shares, I should judge, from looking over the statement, or less than 500 are held by people whose names were not Dierks.

Mr. Dierks: Yes.

Examiner Burchmore: That is about 10 per cent outstanding?

Mr. Dierks: I presume something like that.

Examiner Burchmore: Has there been any material change in the stockholdings since that time?

Mr. Dierks: When was that, 1909?

Examiner Burchmore: August, 1909.

Mr. Dierks: I believe not.

Mr. Cowan: And these other persons whose names are not Dierks, are they connected in interest with the lumber concern?

Mr. Dierks: Yes, sir; some are and some are not,

Examiner Burchmore: And the others acquired their stock through people who originally were in the lumber company, the original stockholders were all lumber company people, were they not?

Mr. Dierks: I do not think so. There were some admitted to

buy stock.

Examiner Burchmore: At any rate all this discussion only concerns about 10 per cent of the capital stock of the railroad, for 90 per cent of the capital stock of the railroad is held by the lumber company stockholders?

Mr. Dierks: Yes, sir; I believe so.

Mr. Kirkpatrick: I would like to show if it was not a question of time, by this witness, that we go through a very rich agricultural country that is being settled up very rapidly.

2816 Examiner Burchmore: You may ask a few questions along that line, but make them general and do not go into details.

Mr. Kirkpatrick: State in a general way what the nature of this country we pass through is, and what the prospects of the

future freight and passenger development are?

Mr. Dierks: It is a country that is more or less hilly and therefore has practically all kinds of land, good, bad and indifferent. There is a good deal of what is called bottom land, along Cossatot River, and also the Saline River bottom, very rich land. It grows almost anything that can be grown in the state of Arkansas, fruit, corn, hay, cotton and other farm products.

Examiner Burchmore: Are farm products being shipped over the

line, as a matter of fact?

Mr. Dierks: I think they are; so I understand.

(Witness excused.)

2817 C. C. RAY, was called as a witness and having been duly sworn, testified as follows:

Examiner Burchmore: What rolling stock has this railroad company?

Mr. Ray: Five locomotives. Do you care for the class?

Examiner Burchmore: Just the number.

Mr. Ray: Passenger cars, 2; box cars, 3; flat cars, 74; tank cars, 2; Dozier, 1; gondola, 1; loaders 2, and a ditcher and pile driver combined, and then they have about 15 boarding cars.

Examiner Burchmore: Who uses those boarding cars?

Mr. Ray: Company employees.

Examiner Burchmore: Are those logging cars now in use?

Mr. Ray: Some of them, very few.

Examiner Burchmore: As a matter of fact, a considerable part of that equipment is not used very extensively at the present time?

Mr. Ray: No, sir.

Examiner Burchmore: You formerly owned six locomotives?

Mr. Ray: Yes, sir.

Examiner Burchmore: You sold one of them?

Mr. Ray: One of them burned.

2818 Examiner Burchmore: All these locomotives are owned?
Mr. Ray: Yes, sir.

Examiner Burchmore: And the other equipment is owned?

Mr. Ray: Yes, sir.

Examiner Burchmore: You do not lease any equipment from the lumber company?

Mr. Ray: No.

Examiner Burchmore: Does the lumber company own any rolling stock?

Mr. Ray: No.

Examiner Burchmore: The lumber company never operated any rail track?

Mr. Ray: No.

Examiner Burchmore: You have several section gangs?

Mr. Ray: Yes.

Examiner Burchmore: How many train crews are there on the line?

Mr. Ray: Just one at present.

Examiner Burchmore: The other engines are in storage?

Mr. Ray: Yes, sir.

Examiner Burchmore: The traffic is not sufficient to warrant running more than one?

2819 Mr. Ray: It does not justify it.

Examiner Burchmore: Have you any station agents?

Mr. Ray: Five.

Examiner Burchmore: At the towns heretofore named?

Mr. Ray: Yes, sir.

Examiner Burchmore: Do those station agents have any outside work?

Mr. Ray: No; none whatever.

Examiner Burchmore: They work only for the railroad?

Mr. Ray: Yes, sir.

Examiner Burchmore: They do not work for the lumber com-

Mr. Ray: No.

Examiner Burchmore: And never did?

Mr. Ray: No.

Examiner Burchmore: What other employees has this railroad?

Mr. Ray: It has three others, two others.

Examiner Burchmore: Who are they, and what are they? Mr. Ray: Myself and two clerks in the general office.

Examiner Burchmore: Do you work for the lumber company?

Mr. Ray: No, sir.

2820 Examiner Burchmore: Do these clerks work for the lumber company?

Mr. Ray: No. sir.

Examiner Burchmore: Did they formerly work for the lumber company?

Mr. Ray: No.

Examiner Burchmore: What salaries are paid general officers of this railroad? I do not want the amount of salaries which are paid to people who work for the railroad company only but of the lumber company officials who are also officials of the railroad.

Mr. Ray: Do you want general officers?

Examiner Burchmore: Yes.

Mr. Ray: Well, the salaries are about one thousand dollars a month.

Examiner Burchmore: For all the officers?

Mr. Ray: Yes, sir.

Examiner Burchmore: Does that include those who do not work for the railroad company?

Mr. Rav: Yes, sir.

Examiner Burchmore: Now, excepting in your statement those employees or officers who are exclusively connected with the 2821 railroad, what are the total salaries of general officers who are also connected with the lumber company?

Mr. Ray: About \$650 per month.

Examiner Burchmore: Well, do those officers render any substantial service for that \$650 a month?

Mr. Ray: In an executive way.

Examiner Burchmore: Are not those salaries rather handsome for the services rendered by those officers?

Mr. Ray: I should believe not.

Examiner Burchmore: Do they actually put in a substantial amount of time each month for that money?

Mr. Ray: I think so.

Examiner Burchmore: What division did you receive on lumber?

Mr. Ray: 2 to 6 cents.

Examiner Burchmore: Where did most of this lumber go?
Mr. Ray: The central states, Missouri, Kansas, Nebraska, Iowa.
Examiner Burchmore: Are rates based on the Mississippi very largely?

Mr. Ray: Well it is a blanket rate to the south; it is the general basis to the Mississippi river.

2822 Examiner Burchmore: What is the rate on Central Freight Association shipments?

Mr. Ray: I don't know. Take Kansas City, I can give you that on pine, it is a 22 cent rate.

Examiner Burchmore: The rate was 22 cents to Kansas City?

Mr. Ray: Yes, sir.

Examiner Burchmore: What was your division of that rate?

Mr. Ray: 6 cents.

Examiner Burchmore: How far did you haul the logs?

Mr. Ray: From the mill to the transfer track.

Examiner Burchmore: About 100 feet? Mr. Ray: No, it is some quarter of a mile.

Examiner Burchmore: You actually hauled the lumber from the mill to the transfer track?

Mr. Ray: Yes, sir.

Examiner Burchmore: How far did you haul the logs up to the mill?

Mr. Ray: It would be the spur and then 27 miles of main line.

Examiner Burchmore: You hauled the logs 27 miles and the lumber a quarter of a mile and got 6 cents?

Mr. Ray: Yes, sir.

Examiner Burchmore: How far is it over the Kansas City Southern to Kansas City?

Mr. Ray: 433 miles.

Examiner Burchmore: How much did the Kansas City Southern get?

Mr. Ray: 16 Cents.

Examiner Burchmore: Who furnished the cars?

Mr. Ray: The Kansas City Southern.

Examiner Burchmore: Did the car cost your railroad anything?

Mr. Ray: Per diem.

Examiner Burchmore: How much per diem did you pay on the car?

Mr. Ray: 35 Cents per day.

Examiner Burchmore: What was the rate to St. Louis or East St. Louis?

Mr. Ray: I don't know. We do not have much in there. I don't know.

Mr. Coleman: Do you say you have not a rate to East St. 2824 Louis?

Mr. Ray: We do have one but I do not know what it is. Examiner Burchmore: You do not have much traffic in there? Mr. Ray: No.

Examiner Burchmore: Your division then ran from 1 to 6 cents and on the most of the traffic you got 5 or 6 cents?

Mr. Ray: Well they averaged 3 or 4 cents.

Examiner Burchmore: You have joint rates on lumber in connection with the Kansas City Southern?

Mr. Ray: Yes, sir.

Examiner Burchmore: Are those milling in transit rates?

Mr. Ray: Yes, sir.

Examiner Burchmore: Milling in transit rates on yellow pine?

Mr. Ray: Yes, sir.

Examiner Burchmore: As a matter of fact you do not apply the transit principle on yellow pine, do you?

Mr. Ray: Only in the milling of logs.

Examiner Burchmore: Is not your lumber billed as originating at Dierks?

Mr. Ray: Yes, sir.

2825 Examiner Burchmore: So that you did not actually take advantage of the milling in transit rule on your lumber; you billed it as originating at Dierks?

Mr. Ray: The milling in transit offsets the handling of the logs

to the mill.

Examiner Burchmore: Perhaps that is a detail it would not be necessary to question closely about, but the fact remains that the rate from the originating point on your line to the interstate destination was the same as the Kansas City Southern's rate from stations in that group.

Mr. Ray: Do you mean on yellow pine?

Examiner Burchmore: Yes.

Mr. Ray: No. sir.

Examiner Burchmore: What was it.

Mr. Ray: Two cents over.

Examiner Burchmore: Then the rate from stations on your line was two cents over the Kansas City Southern rate?

Mr. Ray: Yes, sir.

Examiner Burchmore: Your divisions in some cases was only 1 cent. Does that mean that the Kansas City Southern got 1 cent more on a shipment which came from your line than on shipments from its own line?

2826 Mr. Ray: I don't understand.

Examiner Burchmore: You said the rates from points on your line were two cents higher than the Kansas City Southern stations in that group?

Mr. Ray: Yes, sir.

Examiner Burchmore: Is that true in every case?

Mr. Ray: On yellow pine; yes, sir.

Examiner Burchmore: Did you not say in some cases you only got a division of 1 cent?

Mr. Ray: 2 Cents. ·

Examiner Burchmore: On some traffic the Kansas City Southern got its full regular rate?

Examiner Burchmore: And you simply got the arbitrary?

Mr. Ray: In some instances, yes, sir; that is true.

Examiner Burchmore: Well, your maximum division was 6 or 8 cents?

Mr. Ray: 6 Cents. We got 4 cents plus the arbitrary of 2 cents.

Examiner Burchmore: That is what I wanted to know, whether two was 4 cents plus the arbitrary or 6 cents minus.

Mr. Ray: 4 cents plus the arbitrary.

Examiner Burchmore: You have heard of the Little Errer 2827 Railroad?

Mr. Ray: No. sir.

Examiner Burchmore: Do you know about the New Lumber Company? They have a train road.

Mr. Ray: Yes, sir.

Examiner Burchmore: How near is that to you."

Mr. Ray: 12 or 15 Miles.

Examiner Burchmore: 12 or 15 Miles, to the north?

Mr. Ray: To the south.

Examiner Burchmore: It also connects with the Kansss Chr. Southern?

Mr. Ray: Yes, sir.

Examiner Burchmore: And parallels your line in a general war.

Mr. Ray: I could not say. I don't know a thing about it.

Examiner Burchmore: It is quite an extensive road as a range road?

Mr. Ray: I don't know. I have never been over it.

Examiner Burchmore: Is it not a fact they have 12 or 15 miles of tram tracks?

Mr. Ray: I don't know. I could not say,

2828 Mr. Kirkpatrick: I think it runs in the other direction, west of the Kansas City Southern.

Examiner Burchmore: I only know it is close by Mr. Kirkpatrick: It does not parallel our road. Examiner Burchmore: Do they get any divisions

Mr. Ray: I do not know.

Examiner Burchmore: So if I say that the Neal Springs Lamoer Company has a private tap line and apparently does not pretern to be a common carrier, and which bears the name of the Little River Railroad, and if I further say it extends from a connection with the Kansas City Southern at Neal Springs for about 10 miles winer a about 10 miles from De Queen and it has 18 miles of track and receives no allowance for divisions on lumber, you would not be able to confirm or controvert my statement.

Mr. Ray: No. sir.

Examiner Burchmore: I believe that is the fact. I may be a correctly informed. Is the Neal Springs Lumber Company mill a operation?

Mr. Ray: I thing not.

Examiner Burchmore: When did they close down?

Mr. Ray: I cannot answer that question. I do not know Examiner Burchmore: I only wondered whether that company could successfully compete with your company which perhaps has some advantage from its proximity to this short line railroad, and the relations between the two corporations. I thus that is all I care to ask.

Mr. Kirkpatrick: I wish you would describe briefly the character.

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City Southern, and some with private agent's quarters and divisions of waiting rooms, freight and express quarters.

Mr. Kirkpatrick: And Dierks.

Mr. Ray: Dierks is the same way. We really have a better station than any of the others except at De Queen; good platforms and the same quarters.

2832 Mr. Kirkpatrick: How about section houses?

Mr. Ray: We have section houses at Lockesburg, Provo

and Dierks, 5 rooms each, all painted and in good condition.

Examiner Burchmore: You have got the equipment and facilities that most railroads have?

Mr. Ray: We have.

Mr. Kirkpatrick: Do you keep water in the stations? Mr. Cowan: What is the use? We are trying to save time. I do

not like to object, but we are wasting time.

Mr. Kirkpatrick: I think you have consumed your share of the time and we have waited here ten days to get a hearing and I want to save time, but I propose to offer what evidence I think is material. State how you issue your time tables and your rates and all that.

Examiner Burchmore: We will not ask him that. But have you

a time table?

Mr. Ray: We have.

Examiner Burchmore: Will you file it?

Mr. Ray: We will file a copy.

Mr. Kirkpatrick: You get out your regular indexes?

2833 Mr. Ray: Yes, sir.

Mr. Kirkpatrick: How frequently?

Mr. Ray: Every thirty days, and we issue a general index every six months and supplement it every thirty days.

Mr. Kirkpatrick: You make joint settlements with how many

trunk line railroads?

Mr. Ray: I should say 6 or 8 or 10.

Mr. Kirkpatrick: Have you through joint rates on practically everything that is shipped in any territory?

Mr. Ray: We have.

Mr. Kirkpatrick: I would like to have you state what the comparative division is on carloads of lumber and carloads of some half dozen other classes of freight.

Mr. Ray: Do you mean the earnings?

Mr. Kirkpatrick: Yes.

Mr. Ray: They are about equal on a minimum car. Mr. Kirkpatrick: Give the amount on several of them.

Mr. Andrews: Do not the division sheets show that?

Mr. Ray: It will show the per cent. The minimum carload of lumber is 34,000 pounds and for the division of 4 cents it will average about \$14 or \$15. Cotton, the average car is 25 bales, and we get

15 cents per 100 pounds and it will average about \$18.50 per 2834 Cotton seed is 30,000 pounds, the rate is 4 and 41/2 cents, and it will average about \$13.50. Live stock, 17,000 pounds minimum, average is about \$17.00 to \$18.00 per car. Salt, 29 cent rate, and our division is 51/2 cents which will equal about \$22.00 per car. Hay 20,000 minimum, the rate is 25 cents and it averages 14 to \$15.00. Emigrant's outfit, 22 cent rate, minimum 20,000 pounds, average is \$12.50 to \$13.00 per car. Flour, 25,000 pound minimum, 26 cent rate, average is 20 to \$21.00 per car. Those are some of the principal commodities we handle.

Examiner Burchmore: Would your local rates amount to about

the same as your proportions?

Mr. Ray: Yes, sir.

Mr. Kirkpatrick: Do you comply with all the Arkansas state laws regarding railroads?

Mr. Ray: Yes, sir. Mr. Kirkpatrick: You are assessed as a railroad?

Mr. Ray: Yes, sir.

Mr. Kirkpatrick: Do you remember the last year?

Mr. Ray: About \$4600.

Mr. Kirkpatrick: Of railroad tax? 2835

Mr. Ray: Yes, sir.

Mr. Kirkpatrick: Does any transaction of the railroad ever get onto the lumber company's books?

Mr. Ray: No.

Mr. Kirkpatrick: No connection in any way, shape or form?

Mr. Ray: No.

Mr. Kirkpatrick: You have the same troubles that trunk lines do in the way of damage suits?

Mr. Ray: Yes, sir.

Mr. Kirkpatrick: And lawsuits for killing stock and all those things?

Mr. Ray: Yes, sir.

Mr. Kirkpatrick: And are required to post notices for killing stock or pay double damages, under the Arkansas law?

Mr. Ray: Yes, sir.

Mr. Kirkpatrick: Have you a franchise tax under the Arkansas law?

Mr. Ray: 'I understand we have.

Examiner Burchmore: Have you ever paid any judgments for personal injuries and for killing cows? 2836

Mr. Ray: Yes, sir; a good many of them.

Mr. Kirkpatrick: I am sorry to say we have a great many. The general attorney certainly earns his salary on that road, if not any place else.

You post notices in all your stations of your tariffs?

Mr. Ray: We do.

Mr. Kirkpatrick: State briefly how they are posted.

Examiner Burchmore: Please do not go into that. He stated he endeavored to comply with all the laws relating to interstate railroads, and that is one of them, if he does not comply with it he will be indicted some day and sustain the penalties. What is the use of pursuing this in such detail?

Mr. Kirkpatrick: I only wanted to show we make as good arrangements for posting as trunk lines do and post in the same way. Did you issue this notice of cancellation on through rates on lumber, was that canceled in the regular way?

Mr. Ray: It was.

Mr. Kirkpatrick: I wish you would state briefly how many saw mills and cotton gins and so forth there are on the road?

2837 Mr. Ray: I think about 6 saw mills and about 5 cotton gins.

Mr. Kirkpatrick: The company serves all of those?

Mr. Ray: Yes, sir.

Mr. Kirkpatrick: Does it build spurs and side tracks for them?

Mr. Ray: It does whenever requested.

Mr. Kirkpatrick: Does the Kansas City Southern sell joint tickets over your line of railroad?

Mr. Ray: It does.

Mr. Kirkpatrick: And you sell tickets and conduct the busines in all respects as a trunk line?

Mr. Ray: Yes, sir.

Mr. Kirkpatrick: At the time you were operating on logs those train loads of logs were billed in in the regular way?

Mr. Ray: They were.

Mr. Kirkpatrick: You have track scales?

Mr. Ray: Yes, sir.

Mr. Kirkpatrick: And you move the finished product over your own tracks and deliver it to the Kansas City Southern?

2838 Mr. Ray: We do.

Mr. Kirkpatrick: Do you charge the lumber company demurrage at the regular rates?

Mr. Ray: We do.

Mr. Kirkpatrick: And weigh the cars you load and send out?

Mr. Ray: We do.

Mr. Cowan: Has there ever been any demurrage charged to the lumber company?

Mr. Ray: There has.

Mr. Cowan: How much of it?

Mr. Ray: Whenever a car is on hand over 48 hours we charge them one dollar a day.

Mr. Cowan: As a matter of fact has there ever been any charge

or occasion for it?

Mr. Ray: Yes, sir.

Mr. Kirkpatrick: In regard to your divisions of rates and your rates, are the rates to and from points on your line on class goods the same as the rate to and from De Queen?

Mr. Ray: Yes, sir.

Mr. Cowan: From Missouri and Mississippi River points?

2839 Mr. Ray: Yes, sir.

Mr. Cowan: How is that within the state of Arkansas?

Mr. Ray: We are governed by the state tariff.

Mr. Cowan: And that would be higher on your line?

Mr. Ray: Yes, sir.

Mr. Cowan: That is on class goods, I spoke of. Now, how is it on commodity rates?

Mr. Ray: It is about the same.

Mr. Cowan: So that the only thing you get out of it is the divion of the through rate?

Mr. Cowan: Now on cotton and live stock are the rates higher to nd from points on your line?

Mr. Ray: I think not.

Mr. Cowan: On lumber it is 2 cents higher?

Mr. Ray: Yes, sir.

Mr. Cowan: Does that just apply to yellow pine lumber or to ardwood?

Mr. Ray: Yellow pine and its products? Mr. Cowan: How is it as to hardwood?

Mr. Ray: The De Queen rates.

Mr. Cowan: The De Queen rates on hardwood are 2 cents higher on yellow pine?

Mr. Ray: Yes, sir.

Mr. Cowan: You get 6 cents division when your lumber is loaded onto the cars and delivered to the Kansas City Southern at De Queen?

Mr. Ray: Yes, sir.

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Mr. Cowan: That is the Kansas and Nebraska points?

Mr. Ray: Yes, sir; it varies. Mr. Cowan: All Missouri River territory?

Mr. Ray: I say 6 cents. We only get that to K. C. S. points. Mr. Cowan: Don't you get it to points off the K. C. S.?

Mr. Ray: No, sir, not 6 cents. Mr. Cowan: What do you get when it goes beyond K. C. S. points?

Mr. Ray: 4 cents generally.

Mr. Cowan: In all cases do you get the 2 cents?

Mr. Cowan: Where you have a two cent division to nearby points in Oklahoma you get your 2 cents extra also?

Mr. Ray: Yes, sir.

Mr. Cowan: So you really get nothing less than 4 cents as income to your road for handling lumber, pine lumber? Mr. Ray: There might be one or two instances where we 2841 only get an arbitrary. I cannot recall any now.

Mr. Cowan: Your object of course would be not to ship to those

points?

Mr. Ray: No, we want the business where we can get the most for it, that is true.

Mr. Cowan: Do you do the routing of the lumber?

Mr. Ray: That is left to the shipper.

Mr. Cowan: Who do you count as the shipper, the lumber company?

Mr. Ray: Everybody along our line. Mr. Cowan: Well, say there is a carload of lumber shipped out to Kansas City from De Queen from your mill, is the mill company regarded as the shipper, the consignor?

Mr. Ray: They do the routing.

Mr. Cowan: The mill company do the routing? Mr. Ray: Yes, sir; if it is left open we route it.

Examiner Burchmore: You know there is only one possibility of routing out of De Queen, it all would have to go to the Kansas City Southern.

Examiner Burchmore: And the right of routing beyond would not be worth anything to this railroad, would it?

Mr. Cowan: It might be worth 2 cents.

Examiner Burchmore: There is something about that 2 cent arbitrary that does not look quite right to me. It may be from lack of information, but the point is this. How could the lumber company sell lumber in strongly competitive territory where it had to pay a 2 cent higher freight rate than a mill up here 10 miles away that belongs to somebody else?

Mr. Ray: I do not know how they do that, but they pay our

rates.

Examiner Burchmore: They did it, did they?

Mr. Ray: Yes, sir.

Examiner Burchmore: Well, does not that mean that it is not absolutely essential that the rates from the points of origin on these short lines should be the same in cents per hundred pounds as from points which are directly on the main line of railroad?

Mr. Ray: I could not say.

Examiner Burchmore: Your lumber company bore that 2 cents

without flinching apparently?

Mr. Cowan: They do not pay it, they get the De Queen rate. It is the fellow out on the short line that pays the 2 cents.

Examiner Burchmore: I think he said from their mill they paid

Mr. Ray: Yes, sir.

Examiner Burchmore: And 4 cents out of the treasury of the Kansas City Southern. And 2 cents comes out of the extra rate?

Mr. Ray: That is correct.

Mr. Cowan: I misunderstood it. The De Queen rate from your mill would be 2 cents more than the De Queen rate from anybody

else at De Queen, that is on yellow pine?

Mr. Ray: The rate from De Queen takes in the milling of the logs which applies from Dierks. We have no through rates from De Queen. The rate from the Dierks Lumber Company, which is the same as to any other shipper, regardless of where it is located.

Mr. Cowan: On the Kansas City Southern? Mr. Ray: No, on the De Queen & Eastern.

Mr. Cowan: I understand you now and I stated it correctly?

Mr. Ray: Yes, sir.

Mr. Andrews: You gave divisions awhile ago. Does that apply on inbound business as well as business that you originate?

Mr. Ray: In and out; yes, sir.

Mr. Andrews: You get the same divisions on business delivered to you that you do on business delivered to the other line?

Mr. Ray: Yes, sir; we do.

Mr. Coleman: What was the purpose of reciting those comparisons of units of carload revenues on various commodities from that paper you had?

Mr. Ray: It was only as a comparison of the revenue, as I un-

derstand.

Mr. Coleman: As you understand?

Mr. Ray: Yes, sir. Mr. Coleman: Well,—it is a comparison of the revenue.

Mr. Kirkpatrick: He made those at my request. I do not know if he knows what I wanted of them.

Mr. Coleman: Will you state what the purpose was?

Mr. Kirkpatrick: Yes, I want to show that on all other classes of freight as compared with lumber the rate is practically the same?

Mr. Coleman: The unit per car load?

Mr. Kirkpatrick: Yes. 2845

Mr. Coleman: Was that your understanding of the pur-

pose? Mr. Ray: As I understand it it is just a comparison of the earnings

with reference to the different commodities. Mr. Coleman: Now, for lumber you took 34,000 pounds as the weight.

Mr. Ray: That is an average of the 36-foot car, the minimum.

Mr. Coleman: That is an average?

Mr. Ray: That is the minimum on a 36-foot car.

Mr. Coleman: If you wanted this for substantial comparison, you would not take what the minimum would be, would you?

Mr. Ray: Well, I took the minimum on all other commodities. Mr. Coleman: Do you handle many of those other commodities?

Mr. Ray: We do.

Mr. Coleman: What do you understand to be about the average weight of a car of yellow pine moving from your mill?

Mr. Ray: Well, I should say along from 38,000 to 40,000

pounds? 2846

Mr. Coleman: You never figured it up?

Mr. Ray: No, sir; I never have made any general average.

Mr. Coleman: Could you figure it up very easily? Could you make a statement for the Commission, taking in 1, 2 or 6 months?

Mr. Ray: It would be a good job. I could make it.

Mr. Coleman: I wish you would, please. Now, in making your computation was it your purpose to include hardwood in that approximation there?

Mr. Ray: That was figuring on pine.

Mr. Coleman: Why did you not figure on hardwood as well?

Mr. Ray: Well, I could as well as not.

Mr. Kirkpatrick: He can do it for you in a minute if you want it? Mr. Coleman: You can conveniently also give us the average weight on the movement for a period of a month or three months?

Mr. Ray: I could.

Mr. Coleman: On Hardwood also?

2847 Mr. Ray: Yes, sir.

Examiner Burchmore: It seems it would be well for you to do that. You have put in a comparison on various commodities and they are based on the minimum weight. Now, those are criticized as being merely paper comparisons. Would it not be well to put in the actual figures, the actual loading on what you actually get?

Mr. Ray: We can do that for a month.

Mr. Kirkpatrick: You took the minimum on each car. That was at my suggestion.

Examiner Burchmore: Yes, I should think you ought to take the

actual loading.

Mr. Kirkpatrick: The relation would not vary at all.

Examiner Burchmore: Well, you say it would not, and if that is true your comparison is all right.

Mr. Kirkpatrick: We can furnish it gladly.

Mr. Coleman: I very much doubt about it, and I would like if the attorney would like to express himself definitely and in detail on those various commodities, I would like to discuss it with him.

Mr. Kirkpatrick: The time seems to be very short.

Examiner Burchmore: I think you had better furnish the

2848 statement.

Mr. Kirkpatrick: We will be glad to furnish it. We will be glad to furnish the actual weight.

Mr. Coleman: You testified that your rate on yellow pine to Kansas City was 22 cents.

Mr. Ray: Yes, sir.

Mr. Coleman: That is 22 cents now.

Mr. Ray: Yes, sir.

Mr. Coleman: And that 22 cent rate does not apply from De Queen to Kansas City?

Mr. Ray: No.

Mr. Coleman: It is 20 cents from De Queen?

Mr. Ray: Yes, sir.

Mr. Coleman: What is the rate on hardwood lumber from De Queen to Kansas City?

Mr. Ray: I think it is 21 cents at the present time.

Mr. Coleman: You know that?

Mr. Ray: It has been increased here just recently.

Mr. Coleman: It is in effect now?

Mr. Ray: I think so.

Mr. Coleman: And what is the rate on hardwood from points out on your line?

2849 Mr. Ray: The same thing, 21 cents.

Mr. Coleman: What is the purpose of maintaining a difference on hardwood and yellow pine, that is a differential higher on yellow pine from points on your line by comparison with De Queen to Kansas City?

Mr. Ray: Well, I do not know as there is a general reason.

Mr. Coleman: You do not know of any.

Mr. Ray: No.

Mr. Coleman: Do you have anything to do with determining the rates on lumber applying from points on your line?

Mr. Ray: Yes, sir; I do on some.

Mr. Coleman: Not all?

Mr. Ray: No.
Mr. Coleman: What instance would you feel an interest in in taking a hand in the matter?

Mr. Ray: I don't understand your question.

Mr. Coleman: You say on some lumber rates from points on your line you have something to do with determining them. I take it that where you do not your connection, the Kansas City Southern, would fix the rates?

2850 Mr. Ray: I presume so, yes, sir.

Mr. Coleman: I asked you the question, in what instances would you feel sufficiently interested to take a hand in determining the rates?

Mr. Ray: Where we have any business offered for a certain point,

or anything that way.

Mr. Coleman: You do not fix up the rates in anticipation of business being offered?

Mr. Ray: We do in some instances.

Mr. Coleman: Then you are at a loss to explain why this differential is carried, is what we are to understand?

Mr. Ray: I think it is more in there to-

Examiner Burchmore: To what? Mr. Ray: I cannot explain that.

Examiner Burchmore: It is to increase the earnings of this small road, is it not?

Mr. Ray: Yes, sir.

2851

Examiner Burchmore: What did the lumber company use to pay to get its lumber from the mill to Kansas City?

Mr. Ray: It paid that rate, 22 cents.

Examiner Burchmore: 22 cents?

Mr. Ray: Yes, sir.

Examiner Burchmore: And not 24 cents?

Mr. Ray: Not since I have been with them, I don't think so.

Examiner Burchmore: What was the rate from Neal Springs at that time?

Mr. Ray: I could not say.

Examiner Burchmore: What was the rate from De Queen, as a station on the Kansas City Southern?

Mr. Ray: 20 Cents I think.

Examiner Burchmore: Your lumber company paid 2 cents more to get the Kansas City than the man at De Queen?

Mr. Ray: Yes, sir.

Examiner Burchmore: And the Kansas City Southern rendered you no additional services on that lumber more than it rendered anybody else at De Queen?

Mr. Ray: No.

Examiner Burchmore: Why did you pay them 2 cents?

Mr. Ray: It was more than the earning capacity of the road,

Examiner Burchmore: It was more than the earning capacity of the road?

2852 Mr. Ray: As to divisions.

Examiner Burchmore: I don't understand that.

Mr. Cowan: Let me ask a question and I think I can clear this up in a minute and the witness will be bound to answer.

Is it not a fact you put the 2 cents on because that would add 2 cents higher rate to the man that was shipping from points out on your line, is not that the perfectly plain meaning of it?

Mr. Ray: It had the higher rate and gets the same as the Dierks

Lumber Company or any other interest on the line.

Mr. Cowan: Yes, if the Dierks do not get it back. There they do

not get it back.

Examiner Burchmore: But in a substantial way it would hurt the mills out on the line while in no substantial way would it hurt the Dierks Lumber Company, because it went to a related corporation and they got it back presumably in dividends. The Dierks Lumber Company was interested in the success of this railroad.

Mr. Ray: I presume so.

Examiner Burchmore: I think that it is perhaps unfair to

2853 press the matter further with this witness.

Mr. Coleman: I just wanted to give him an opportunity to answer.

Mr. Kirkpatrick: I think he has answered as far as he knows and

fairly.

Examiner Burchmore: I think so too, and any conclusions or deductions which may be drawn from this situation lie in the realm perhaps of argument. We want the facts and we have got his opinion.

Mr. Cowan: To seal this matter up a little further, is there any

hardwood mill out on your line?

Mr. Ray: There is.

Mr. Cowan: What is your division on hardwood?

Mr. Ray: It will vary from 2 to 5 cents.

Mr. Coleman: Have you any gum lumber on this line?

Mr. Ray: Yes, sir.

Mr. Coleman: What is the rate on gum lumber to Kansas City?

Mr. Ray: The same rate as oak.

Mr. Coleman: What is the rate on oak?
Mr. Ray: 19 cents—or it is 21 cents now.

Mr. Coleman: What division do you get to Kansas City on

2854 that?

Mr. Ray: Five cents.

Mr. Coleman: Five cents out of the 21 cent rate?

Mr. Ray: Yes, sir.

Mr. Coleman: And that rate is the same from points on your line?

Mr. Ray: Yes, sir.

Mr. Coleman: So in reality you get a higher division on that hardwood than you do on the yellow pine?

Mr. Ray: Yes, sir.

Mr. Coleman: And the rate is lower to Kansas City and you get a higher division?

Mr. Ray: Yes, sir.

Mr. Coleman: How do you explain that?

Mr. Ray: It is the allowance allowed by the Kansas City South-

Examiner Burchmore: The originating carrier I believe it is contended usually gets a larger proportion of the revenue than the connecting line gets because it is an originating carrier?

Mr. Ray: It does.

Examiner Burchmore: You are an originating carrier?

2855 Mr. Ray: Yes, sir.

Examiner Burchmore: Then you get a larger proportion of the revenue, that is taking into consideration the service you render, than the Kansas City Southern gets?

Mr. Ray: Yes, sir.

Examiner Burchmore: Do you fix the divisions?

Mr. Ray: Well, it is an amount reached between the Kansas City Southern and ourselves.

Examiner Burchmore: Do you tell the Kansas City Southern what you want or do they tell you what you can have?

Mr. Ray: We ask for it and do the best we can.

Examiner Burchmore: As a matter of fact you have to be satisfied with the best you can get?

Mr. Ray: Yes, sir.

Mr. Andrews: In this particular case the witness has testified he gets exactly the same division in that he gets out.

Mr. Ray: That is on classes and commodities.

Mr. Andrews: And when somebody else originates the business he gets the same as when he originates it.

Examiner Burchmore: Yes. Any further questions?

Mr. Kirkpatrick: You have constructed two or three regular loading stock yards on your line?

Mr. Ray: Yes, sir.
Mr. Kirkpatrick: This demurrage and per diem, does that run? This gentleman asked whether there had ever been any actual demurrage. What does it run per month?

Mr. Ray: The per diem runs about \$100 a month on an average.

Mr. Kirkpatrick: That you have to pay?

Mr. Ray: Yes, sir.
Mr. Kirkpatrick: And the demurrage?

Mr. Ray: I should say it runs twenty-five to fifty dollars a month. Mr. Kirkpatrick: Now there has been no attempt on the part of the Kansas City Southern or any other roads to cancel this rate on anything except yellow pine lumber and oak?

Mr. Cowan: The hardwood mill out on your line is owned by

some entirely independent interest?

Mr. Ray: Yes, sir.

Mr. Cowan: I assumed that to be the case. Where is it located?

Mr. Ray: At Lockesburg.

2857 Mr. Coleman: In connection with that demurrage you really suffer no loss of investment or anything in connection with the demurrage on a car, do you?

Mr. Ray: Just about even.

Mr. Coleman: Well, it is not a car of your company as a rule that handles the lumber going from a point on your line beyond?

Mr. Ray: It is not the car of our company, you say?

Mr. Cowan: It is not a car of your company? Mr. Coleman: It is a car from a connection?

Mr. Ray: Yes, sir.

Mr. Coleman: On that car you pay 25 cents per diem?

Mr. Ray: 35 cents.

Mr. Coleman: And your demurrage is \$1.00?

Mr. Coleman: So really you make 65 cents a day whenever there is a demurrage on somebody else's property do you not?

Mr. Ray: If it is on hand over three days we would.

Mr. Coleman: We are talking about demurrage, when demurrage obtains. So really it is a matter of bookkeeping, inasmuch as the interests that own the railroad own the mill when it is a questional control of the contro

2858 tion of the Dierks Lumber Company, and you are really making the difference that you may charge to the company; they are getting that as an offset in their earnings?

Mr. Ray: Not any more than anybody else.

Mr. Coleman: You do not give back any of it to the other shipper?

Mr. Ray: No, sir.

Mr. Coleman: He is not interested in the railroad?

Mr. Ray: No.

Examiner Burchmore: Has this railroad company ever paid any rebates to the lumber company?

Mr. Ray: No, sir; not as I know of.

Mr. Kirkpatrick: There is a certain amount of free time allowed any shipper on the road, the Dierks Lumber Company as well as anybody else.

Mr. Ray: Two days.

Mr. Kirkpatrick: During that time you have to pay the per diem?

Mr. Ray: We do.

Mr. Kirkpatrick: So there is not any very big amount of money in the proposition as this gentleman seems to think?

2859 Mr. Ray: No.

Mr. Coleman: He has not any investment in the car either.

Mr. Kirkpatrick: Well he is paying for it every day.

Examiner Burchmore: I believe that is enough on that question. Have you any contracts with the Kansas City Southern?

Mr. Ray: I believe we have one which covers the scales.

Examiner Burchmore: You have not any rate or division contract?

Mr. Ray: No.

Examiner Burchmore: I will request counsel to file a map of this road. You understand what kind of a map we want?

Mr. Kirkpatrick: Yes.

Examiner Burchmore: Will you give us a statement of your

revenue and tonnage?

Mr. Kirkpatrick: Yes, sir; I will do that, and want to do it. I also understood this forthcoming annual statement to be considered in this case.

Examiner Burchmore: It is understood all the annual re-

2860 ports of these companies will be considered.

Mr. Kirkpatrick: I am especially anxious for this one, on account of the fact that it runs during a time when the mill was not in operation, and the delay in getting it out was on account of the delay in furnishing the blanks. There were about two months that we did not get them.

I also want to furnish a statement as requested by these gentlemen, showing the tonnage separated. We have shown the dollars and cents, but I would also like to show the tonnage in that state-

ment

Examiner Burchmore: The Missouri & Louisiana Railroad. 2861 Mr. Walter: Before that is taken up I want to make one suggestion for the record. Apparently the Commission has some information from cases like the Neal Springs Lumber Company. where certain information may have been given to the Commission as to why a certain concern is not able to do business as it thinks it ought to. Now on behalf of all these so-called tap lines we make the formal statement to the Commission that we desire the Commission to call as witnesses parties who give information so that they may be cross examined. I do not think it is proper that our clients should be denied the right to inquire into the facts that may go to bear upon the righteousness of a decision in these cases, and therefore I suggest as to Neal Springs, if any such information has come to the Commission, that some party who knows the facts should be called as a witness under oath-

Examiner Burchmore: May I suggest, take that Neal Springs case, all I know is that from reports that have reached us there is a private tram road at Neal Springs that is called the Little River

Valley Railroad, and we know that is owned by the Neal
Springs Lumber Company, and that it has no allowance, and
that is all we did know. And I asked this gentleman if they
were interested in the business and he said they were not.

Mr. Walter: There might be some inferences from that unsupported statement and from the evidence that comes to you that because it did not get allowances it was driven out of business. Our information is entirely different as to why that lumber company is not now in business.

Examiner Burchmore: Do you think that fact one way or the

other will fix the status of this railroad?

Mr. Walter: No, but it might have a bearing upon the general proposition as to whether the Commission will or will not allow joint rates with the lumber producing lines.

Examiner Burchmore: I feel some hesitancy in laying before the Commission the request to subpena as witnesses an unknown have given us information. If you have any particular person

whom you have in mind-

Mr. Walter: No, all the request we have is that the Commission give no attention to unauthentic and unsupported evidence without opportunity for cross examination by parties interested at this proceeding.

Examiner Burchmore: I am quite sure that the Comment

sion will not.

Mr. Walter: That is what I thought, but I wanted the recome

show so.

Examiner Burchmore: But the Commission in reaching its incresion in any case has to exercise its judgment and discretion and is judgment upon all the knowledge it has of the geographic. The conditions, and everything else.

Mr. Walter: That is true, but I did not want the Commission

be imposed upon. I have great confidence in its judgment.

Mr. Kirkpatrick: I would like to have noted the request that may file a brief after I receive a copy of the evidence.

Examiner Burchmore: Your request is noted. I may say I in not know what the Commission will do in the matter of briefs. In it will take it up in its own way.

Mr. Kirkpatrick: I understood Commissioner Harian to same before he went away, that opportunity would be given to file brees.

Examiner Burchmore: My impression is you will be given a opportunity to file briefs, but the suggestion I might make 2864 is that it would be wise to make your briefs as brief as sible.

Mr. Kirkpatrick: It would be brief if I filed it.

2865 Missouri & Louisiana Railroad Company.

JOHN A. SARGENT, was called as a witness, and having been introduced sworn, testified as follows:

Examiner Gutheim: Give your name in full?

Mr. Sargent: John A. Sargent.

Examiner Gutheim: Your place of residence?

Mr. Sargent: Kansas City.

Examiner Gutheim: Your occupation is what?

Mr. Sargent: Vice-President and General Manager of the Missouri & Louisiana Railroad Company.

Examiner Gutheim: That is the company usually known as the Central Coal & Coke Railroad?

Mr. Sargent: Yes, sir.

Examiner Gutheim: And will you explain briefly just where that

railroad operates and what properties it serves."

Mr. Sargent: It has two lines in Louisiana, the business practically being confined to handling logs and the product of the Cartral Coal & Coke Company, one mill property being located a Carson and the other at Neame, La. It has another property in

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Mr. Sargent: Approximately nine miles.

Examiner Gutheim: As a matter of fact do you make many deliveries to the Santa Fe?

Mr. Sargent: Yes, sir, we do a little business with the Santa Fe

right along.

Examiner Gutheim: Does the great majority of the business go to the Kansas City Southern and the Lake Charles & Northern, though?

Mr. Sargent: Well, we do more business with the Southern Pacific Lines than with the Santa Fe, but the Kansas City Southern

has more than the other two combined.

Examiner Burchmore: You do not give the Santa Fe any traffic destined to points other than local points on its line?

Mr. Sargent: Yes, we do at certain times, the business

has to move certain routes.

Examiner Gutheim: About how much of a log haul do you have to reach the Carson mill.

Mr. Sargent: The railroad itself takes up logs where the spurs connect anywhere from 5 to 10 miles away from the main line.

Examiner Gutheim: Going to Neame, about how much track

have you going into the woods there?

Mr. Sargent: At the present time about six miles of main line. Examiner Gutheim: And that track all lies to the west of the Kansas City Southern?

Mr. Sargent: That track all lies west of the Kansas City South-

ern, practically so.

Examiner Gutheim: How long since you quit operating to the east of the Kansas City Southern?

Mr. Sargent: I think about a year.

Examiner Gutheim: And about how far did you operate in that direction?

Mr. Sargent: East?

2870 Examiner Gutheim: Yes.

Mr. Sargent: Approximately 20 miles.

Examiner Gutheim: Since you ceased logging east of the Kansas City Southern what has become of the track formerly known as the

Missouri & Louisiana Railroad track?

Mr. Sargent: Some time before the lumber company ceased operations east of the Kansas City Southern track we made a contract with the Louisiana Central Railroad Company, and sold them a halt interest in the property, the contract further providing that an extension approximating five miles was to be built by the Louisiana Central and we were to pay 50 per cent of the cost, all of which was accomplished. The contract further providing that the Louisiana Central had the option on that property, and they actually purchased it, I think a year ago last March.

Examiner Gutheim: The Louisiana Central you spoke of is the

so-called tap line of the Pickering interests?

Mr. Sargent: Yes, sir.

Examiner Gutheim: Did they take over all of the old Missouri & Louisiana tracks east of the Kansas City Southern or only a portion?

Mr. Sargent: Our contract with them for sale covered only 2871 part of the line, about 14 or 15 miles maybe. The remaining, somewhere between four and five miles we retained to ourselves.

Examiner Gutheim: Has that been taken up?

Mr. Sargent: Most of it has.

Examiner Gutheim: You said that as to the Missouri & Louisiana running from both Carson and Neame, that the business was practically confined to the hauling of logs and supplies for the Central Coal & Coke Company.

Mr. Sargent: Unfortunately for the railroad that is about all there

is

Examiner Burchmore: In the case of the Carson line, if I may interrupt, is it not a fact that it operates exclusively for the Central Coal & Coke Company? You have not any tonnage at all for others?

Mr. Sargent: That is my reply, there is nothing else.

Examiner Gutheim: What you mean is you only pick up an occasional shipment for somebody who wants it taken out into the woods for somebody else?

Mr. Sargent: That is the idea.

Examiner Gutheim: At Neame you have the Kansas City Southern only for a carrier connection?

Mr. Sargent: Yes, sir.

2872 Examiner Gutheim: Does the Kansas City Southern or the Missouri & Louisiana handle out the product of the mill?

Mr. Sargent: The Kansas City Southern do the switching at Neame.

Examiner Gutheim: You perform no service whatever on the milled product?

Mr. Sargent: Not on the manufactured product.

Examiner Gutheim: Will you give generally the range of divisions you receive on the product of both of those mills at Carson and Neame, from the Kansas City Southern?

Mr. Sargent: Well, I suppose the average is in the neighborhood of two cents. It runs from a fraction of a cent up. It varies as

to the territory, that is where the business is destined.

Examiner Gutheim: The maximum is what? Mr. Sargent: I guess about three cents.

Examiner Gutheim: And it will average about two cents?

Mr. Sargent: I should guess that.

Examiner Gutheim: You get no divisions from the Santa Fe, of course?

Mr. Sargent: No.

Examiner Burchmore: Is that reply as to the minimum

2873 of three cents correct?

Mr. Sargent: I have not the divisions in my hand, but I think you will find them attached to your reports there which will show absolutely.

Examiner Burchmore: Is it not a fact you get four cents on some

traffic from each of those places?

Mr. Sargent: Your Honor, at the present time I could not answer.

There is some business that pays maybe four cents. The sheets

will have to speak for themselves. They can be furnished.

Examiner Gutheim: It is my recollection that on the blanket division sheet that was filed for a lot of these companies there were a few points, not more than half a dozen, that paid four cents, and that is where the maximum of four cents came from at that time. What divisions do you get from the Lake Charles & Northern, the Southern Pacific Line?

Mr. Sargent: They run about the same as the Kansas City

Mr. Sargent: They run about the same as the Kansas City Southern, one cent to—I am not really certain that they even allow more than two cents, even where the Kansas City Southern

may.

Examiner Gutheim: You mean that the Lake Charles &

2874 Northern maximum is two cents?

Mr. Sargent: That is my recollection, but that division

sheet is also on file.

Examiner Gutheim: It is my impression that that division sheet is not on file, for at the time the examination was made the Lake Charles & Northern connection had not been completed.

Mr. Sargent: Well, I did not bring it with me, but it is pretty

nearly identical with the Kansas City Southern.

Examiner Gutheim: Will you obtain and file with the Commission a copy of the division sheet with the Lake Charles & Northern?

Mr. Sargent: Yes, I will file one.

Examiner Gutheim: Now are these divisions by the Kansas City Southern and the Lake Charles & Northern covered by a written contract other than the division sheets themselves?

Mr. Sargent: No contracts.

Examiner Gutheim: Where does the Bonanza Line connect with the carrier?

Examiner Burchmore: May I suggest, suppose we dispose of these two lumber company connections and permit counsel to have 2875 cross examination on them before we turn to the coal.

Examiner Gutheim: Will counsel proceed with the cross

examination as to the lumber company now then?

Examiner Burchmore: There are one or two questions I want to ask, because I am not familiar with this property. This is all one corporation, this railroad company?

Mr. Sargent: Yes, sir.

Examiner Burchmore: The Missouri & Louisiana Railroad operates, as I understand, four detached properties?

Mr. Sargent: Yes, sir.

Examiner Burchmore: That have not any connections?

Mr. Sargent: No.

Examiner Burchmore: They are like that N. K. & T. floating rib down there that we heard about yesterday, with respect to each other?

Mr. Sargent: Yes, sir.

Examiner Burchmore: You have one line in the vicinity of Carson, La.?

Mr. Sargent: Yes, sir.

Examiner Burchmore: And that line has certain rolling stock, cars and locomotives?

Mr. Sargent: Yes, sir.

2876 Exam per Burchmore: And that rolling stock is confined in its movements to that line?

Mr. Sargent: Yes, sir, unless for some reason we need to move

an engine to another point for temporary service.

Examiner Burchmore: When you do that you pay the carriers the same rate for the privilege of moving your engine up to another place?

Mr. Sargent: That is a published rate per mile that is paid.

Examiner Burchmore: And do you pay it?

Mr. Sargent: Yes, sir.

Examiner Burchmore: The sawmill at Carson is how far from the connection with the Kansas City Southern?

Mr. Sargent: I suppose three or four thousand feet; it is adjacent

to the Kansas City Southern right of way.

Examiner Burchmore: Your other mill at Neame, did I understand that a portion of the former line of that railroad had been sold to the Louisiana Central?

Mr. Sargent: Yes, sir.

Examiner Burchmore: And another portion is now being jointly operated?

Mr. Sargent: No, the joint operation has ceased.

2877 Examiner Burchmore: The joint operation ceased and you sold it?

Mr. Sargent: Yes, sir.

Examiner Burchmore: It was formerly jointly operated?

Mr. Sargent: Yes, sir.

Examiner Burchmore: When you jointly operated it, how did you divide the operating expenses between the two companies?

Mr. Sargent: Based up on wheelage.

Examiner Burchmore: Was there a contract under which that joint operation was carried on?

Mr. Sargent: Yes, sir.

Examiner Burchmore: It is filed with the Commission?

Mr. Sargent: Yes, sir.

Examiner Burchmore: What was the date of the sale of that portion of the road?

Mr. Sargent: I am mixed on that, but my impression is it was a year last March.

Examiner Burchmore: Along about March, April or May, 1909? Mr. Sargent: That is my recollection.

Examiner Burchmore: Do you remember what the sale price

was, or is there objection to furnishing that?

Mr. Sargent: Well, it is easy enough to tell what the sale 2878 price was. They were to pay us a fixed price for the rail-

road that was to be eventually sold under the terms of this contract, and then when they purchased our half interest that is just what they paid us for the other half, so the figures in the contract tell that. However that contract does not show the cost of the line that was constructed following the completion of that contract, about five miles being extended towards the east toward

Cravens, La., and I don't remember how much it was, but our 50 per cent was just what the bills called for.

Examiner Burchmore: Now do you handle any logs or lumber down there at the Neame Branch of your road for any other lumber companies?

Mr. Sargent: No, sir.

Examiner Burchmore: Do you handle anything for the Pickering Lumber Company?

Mr. Sargent: Not now.

Examiner Burchmore: How long since you ceased to haul logs or lumber for the Pickering people?

Mr. Sargent: I think a year last March. Examiner Burchmore: At the same time it was sold?

Mr. Sargent: Yes, sir.

2879 Examiner Burchmore: When you did haul the lumber you charged them \$2.50 a car, did you not?

Mr. Sargent: We switched lumber for them at \$2.50 per car in some instancees.

Examiner Burchmore: How far did you switch it for them?

Mr. Sargent: About four and a half miles.

Examiner Burchmore: That was four and one half miles on a loaded car and four and one half miles on the empty?

Mr. Sargent: Yes, sir.

Examiner Burchmore: Was not that grossly inadequate com-

pensation?

Mr. Sargent: It was, but it was a temporary arrangement made until only the whole line could be completed, for this reason, that the Louisiana Central at the time the contract was made, had no physical connection with our railroad. They were building south from Pickering to a little junction that was known and will be shown on the map as Norlan and their mill at Cravens was operating and for a period of a few months and until they completed their construction we did as lots of carriers do, help out another carrier to overcome their temporary disability.

Examiner Burchmore: Did I understand that the capital 2880 stock of this railroad company is held by certain persons in

trust?

Mr. Sargent: No deed of trust was ever executed, but it is in fact the situation.

Examiner Burchmore: That is in trust for the Central Coal & Coke Company?

Mr. Sargent: Yes, sir.

Examiner Burchmore: Have any dividends ever been paid on that stock?

Mr. Sargent: Yes, sir.

Examiner Burchmore: Just tell us about the dividends?

Mr. Sargent: I cannot, but it is in your report. Examiner Burchmore: Quite substantial?

Mr. Sargent: They have been at times.

Examiner Burchmore: Have they run as much as six per cent per year on the average?

Mr. Sargent: Six per cent? Examiner Burchmore: Yes. Mr. Sargent: I think more.

Examiner Burchmore: Ten per cent per annum?

Mr. Sargent: Maybe more than that, I don't remember.

Examiner Burchmore: I just wanted counsel to be able to find from this testimony, as they have not access to our reports. Are there any bonds?

Mr. Sargent: No bonds.

Examiner Burchmore: Is there any other statement you wish to make? I understand your counsel is not here to examine you.

Mr. Sargent: I have no counsel.

Examiner Burchmore: Any further statement you wish to make concerning the general character of the company or its operations of these two lines before you are cross examined?

Mr. Sargent: No, but I may want to after being cross examined. Examiner Burchmore: You may have that opportunity. Mr.

Andrews, have you any questions?

Mr. Andrews: Under what governmental authority is the Missouri & Louisiana Railroad Company incorporated?

Mr. Sargent: Missouri.

Mr. Andrews: The State of Missouri?

Mr. Sargent: Yes.

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Mr. Andrews: Do you own any railroad in the State of Missouri?

Mr. Sargent: Yes, sir.

Mr. Andrews: How much?

Mr. Sargent: Ten miles of main line and about that much more of surveys tracks, to the coal field.

Mr. Andrews: You also own in Arkansas and Louisiana?

Mr. Sargent: In Arkansas we lease, we do not own any.
Mr. Andrews: You do not own any tracks in Arkansas?

Mr. Sargent: No.

Mr. Andrews: The Missouri & Arkansas propositions serve coal industries, as I understand?

Mr. Sargent: Yes, sir.

Mr. Andrews: And what you own in Louisiana serves lumber interests?

Mr. Sargent: Yes, sir.

Mr. Andrews: I have not quite understood the physical situation of the roads in Louisiana. How many miles of line is there at Carson at the present time?

Mr. Sargent: It is about 13 miles, the main line.
Mr. Andrews: Running from where to where?

Mr. Sargent: Running from Pu Jo, La., the Santa Fe connection, generally in an easterly direction crossing the Kansas City Southern on east to a connection with the Lake Charles &

Northern at what is known as C. C. Junction.

Mr. Andrews: And the mill is located at the intermediate crossing of the Kansas City Southern.

Mr. Sargent: Yes, sir.

Mr. Andrews: So that the real purpose of building the road was to give you the connection with three trunk lines as an outlet for your lumber products?

Mr. Sargent: Well, so far as the connection with the Santa Fe

is concerned, we were there first.

Mr. Andrews: You got there before they built in?

Mr. Sargent: Yes, sir.

Mr. Andrews: Is that on the De Ridder Branch? Mr. Sargent: That is on the De Ridder Branch. Mr. Andrews: You built there before they built in? Mr. Sargent: Yes, sir.

Mr. Andrews: How were you there before they built in? Were you tramming out to the timber?

Mr. Sargent: The main line ran to a point perhaps a mile or

two north of the Santa Fe right of way.

Mr. Andrews: That was the means of tramming out to the timber?

2884 Mr. Sargent: There were the trams out beyond that, but before the Santa Fe had their lines completed or about that time, those trams north of the Santa Fe track were abandoned because the timber had been cut out by the mill company.

Mr. Andrews: Are you logging any north of the Santa Fe at

this time?

Mr. Sargent: Not now.

Mr. Andrews: Any timber left north of the Santa Fe?

Mr. Sargent: Yes, sir.

Mr. Andrews: What quantity? Mr. Sargent: Not very much.

Mr. Andrews: Approximately how much?
Mr. Sargent: Well, I don't believe I could even make a close guess at that. It is scattering and it is to the west of Pu Jo several miles. I presume that there is enough timber up there to keep a mill busy eight or ten months, if they go into that, which I understand is possible.

Mr. Andrews: Does the Central Coal & Coke Company own all

that timber in its own name, or in the name of others?

Mr. Sargent: In its own name. Mr. Andrews: In its own name?

Mr. Sargent: So far as I have ever heard.

2885 Mr. Andrews: The Central Coal & Coke Company furnished the money to build the railroad?

Mr. Sargent: Indirectly, yes.

Mr. Andrews: Well, it came out of the pocket of the Central Coal & Coke Company, is the direct inquiry.

Mr. Sargent: I would have to go back into history to tell you

exactly how it happened.

Mr. Andrews: Unless you want to tell it, all I am interested in is in knowing whose pocket it came from. If you want to tell the details I have no objection.

Mr. Sargent: To be as brief as possibly, the Central Coal & Coke Company organized many years ago the Arkansas & Choctaw Railroad, and that company as a corporation did build the railroads in Louisiana. The Arkansas & Choctaw was sold to the Frisco. The Arkansas & Choctaw started at Ashdown and went west with a charter from the government to build through the Indian Territory. The Frisco acquired that property mostly because they wanted that charter. But when it was sold the equipment and all detached lines were retained by the coal company. They did not go with the sale of the main line of the Arkansas & Choctaw Road, so that the cor-

poration that they originally organized, the Arkansas & Choctaw, built these properties, but in the part of the sale it was to retain these detached parts, and the balance was cash.

Mr. Andrews: Well, the Central Coal & Coke Company furnished

the money for the original construction?

Mr. Sargent: That was so long ago and before my connection with the company, that I could not say whether the coal company as a company furnished the money for the Arkansas & Choctaw.

Mr. Andrews: But it lent it to the railroad company, and the

railroad company used it to build the railroad.

Mr. Sargent: They financed the proposition, yes, sir.

Examiner Burchmore: What do you think of this suggestion: Could you furnish to the Commission in a letter, after conferring with the officers of the railroad who are advised of the fact, a narrative statement of the construction, history of each of these four detached properties, and then a narrative statement, omitting the non-essential details, of the financial history of its operation.

Mr. Sargent: As to the Louisiana Lines I have told it al-

ready.

2887 Examiner Burchmore: Yes, but it is a little scattered in the record, and if you could give us a narrative story of the construction of all the roads and also the financing of the properties, that would be of great value as supplementing your testimony here.

Mr. Sargent: I will make a try at it, but I do not know what

more I can sav.

Examiner Burchmore: There are some things you said you do not know.

Mr. Sargent: Well, only as to this fact, whether the Coal Company put in the money in the Arkansas & Choctaw Road, or whether they as individuals raised the money to start the construction of the Arkansas & Choctaw. I do not remember because that was before my connection with the company, but the Central Coal & Coke Company undoubtedly financed the property, or it could not have been launched.

Examiner Burchmore: We understand, or my impression from your testimony so far is that the Central Coal & Coke Company is now the beneficiary under a trust or the beneficial owner of this

railroad.

Mr. Sargent: Yes, sir.

2888 Examiner Burchmore: And my impression is originally financed the railroad in a substantial sense, it furnished the money.

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Mr. Sargent: That is correct.

Examiner Burchmore: If your impression is any different, I think you ought to give us a statement later on of the variation.

Mr. Sargent: My impression is not any different.

Mr. Andrews: How much timber holdings has the C. C. & C. at the present Carson Mill?

Mr. Sargent: Do you mean that will be manufactured at the Car-

son Mill?

Mr. Andrews: Yes, that is left. Mr. Sargent: A whole lot of it. Mr. Andrews: Well, in feet?

Mr. Sargent: They have about 12 years' supply of timber back of that mill at the present time.

Mr. Andrews: What does that mean in feet?

Mr. Sargent: Well, they turn out about 60,000,000 feet per annum.

Mr. Andrews: 60,000,000 feet per annum?

Mr. Sargent: Yes.

2889 Mr. Andrews: Then you have about 360,000,000 feet of standing timber contiguous to that mill?

Mr. Sargent: Well, it is contiguous to that so far as I know.

Mr. Andrews: And I believe you said that that railroad company handled no business except for the lumber company?

Mr. Sargent: There is no other business.

Mr. Andrews: Your mill at Neame, how much mileage have you there?

Mr. Sargent: The line west is being constructed slowly-

Mr. Andrews: First, what track is your mill on, trunk line track?
Mr. Sargent: The Kansas City Southern.

Mr. Andrews: How far from the track?

Mr. Sargent: It is adjacent to the right of way.

Mr. Andrews: That is a north and south trunk line at that point or east and west?

Mr. Sargent: North and south approximately.

Mr. Andrews: Where does the track of the Missouri & Louisiana Railroad Company run from the mill?

Mr. Sargent: Well, it starts out in a southerly direction crossing the Kansas City Southern main line south of the town of Neame and then starts west. There is about seven or eight 2890

miles built so far.

Mr. Andrews: To where? Mr. Sargent: It is nothing but the end of the line.

Mr. Andrews: Just to the woods?

Mr. Sargent: Into the woods.

Mr. Andrews: And there you tram out to your timber?

Mr. Sargent: Yes.

Mr. Andrews: Any other mileage there besides that?
Mr. Sargent: Not that the railroad operates. The mill company has its laterals of course, all over the woods.

Mr. Andrews: There are no stations or other facilities for being a railroad?

Mr. Sargent: None needed out there for the business we handle.

Mr. Andrews: That belongs to the Central Coal & Coke Company?

Mr. Sargent: Yes, sir.

Mr. Andrews: In the same way?
Mr. Sargent: In the same way.

Mr. Andrews: Was it constructed in the same way or was it constructed after the line we have just asked you about?

Mr. Sargent: That was constructed after.

Mr. Andrews: When did that construction begin?
Mr. Sargent: I think it was started about a year ago last March.
Mr. Andrews: The Central Coal & Coke Company furnished the
money to build that?

Mr. Sargent: Yes.

Mr. Andrews: It was built with the company's money?

Mr. Sargent: Yes.

Mr. Andrews: The Central Coal & Coke Company also owns the mill at that point?

Mr. Sargent: Yes.

Mr. Andrews: Does that line do any business of any kind at all except for the mill or for the Central Coal & Coke Company?

Mr. Sargent: It has no other business at present.

Mr. Andrews: It produces all the traffic that the railroad handles?

Mr. Sargent: At present.

Mr. Andrews: And you have explained the divisions that you get on the Carson mill. Do you get the same divisions on 2892 the Neame Mill?

Mr. Sargent: Except there is no arrangement for divisions

except with the Kansas City Southern.

Mr. Andrews: You do not reach anything but the Kansas City Southern?

Mr. Sargent: No, not now.

Mr. Andrews: Consequently you have no other company to arrange divisions with? Do you get the same divisions with the Kansas City Southern there that you do with the Kansas City Southern at Carson?

Mr. Sargent: Yes.

Mr. Andrews: When you were asked by the Examiner if the Missouri & Louisiana Railroad Company had declared any dividends you meant the railroad company, as to all of its properties?

Mr. Sargent: Yes, sir.

Mr. Andrews: Have either of these lumber lines that I have asked

you about declared any dividends?

Mr. Sargent: The income and expenses are all kept together, and if they combined have a net earning, that is distributed as a dividend.

Mr. Andrews: How is it distributed as a dividend?

2893 Mr. Sargent: In dividends declared in the usual w

3 Mr. Sargent: In dividends declared in the usual way. Mr. Andrews: Maybe I misunderstood you. You mean all these four isolated pieces of property are kept as one property in bookkeeping and reported to the Commission?

Mr. Sargent: Yes, sir, the reports to the Commission show the

reports of all as one line.

Mr. Andrews: Then you keep no separate books as to these mills in Louisiana?

Mr. Sargent: Yes, sir, that is merely a matter of bookkeeping, to

make the reports necessary.

Mr. Andrews: Then I will change the question and ask you if you keep these separate accounts, whether there have been annual earnings and net profits on either of these Louisiana lines?

Mr. Sargent: Some years, yes. Mr. Andrews: To what extent?

Mr. Sargent: I think I can give you approximately what you want. The earnings received from divisions have never met the operating expenses that I can recall. They may have come close to it some time, but the surplus—

Mr. Andrews: Can you give it to us in this form, the 2894 earnings from divisions, say take the Carson line first, can

you give us the earnings from divisions there?

Mr. Sargent: I think I have that here. I have three years, the fiscal years ending June 30th, 1908, 1909 and 1910.

Mr. Andrews: The earnings from divisions now?

Mr. Sargent: Yes, sir.

Mr. Andrews: What are they?

Mr. Sargent: 1908, \$16,788.21; 1909, \$15,411.91; 1910, \$14,-390.10.

Mr. Andrews: What were your total operating expenses for those three years?

Mr. Sargent: 1908, \$25,587.73; 1909, \$23,827.36; 1910, \$20,-

249.76.

Mr. Andrews: Your total operating expenses include all services performed by the railroad for the lumber company, do they not?

Mr. Sargent: Yes, all that the railroad does perform itself.
Mr. Andrews: Can you give us the same figures on the Neame plant?

Mr. Sargent: Yes, sir. The income from divisions in 1908 was \$10.912.80; 1909, \$11,700.70; 1910, \$16,174.82.

2895 Mr. Andrews: And the gross operating expenses? Mr. Sargent: 1908, \$30,709.21; 1909, \$11,668.02.

Mr. Andrews: Why is that enormous discrepancy?

Mr. Sargent: That is about the time we quit operating that 20 miles of road and started in a westerly direction where there are only seven or eight miles in operation, and as we got on the operating expenses come up a little; in 1910 the operating expenses were \$15,590.14.

Mr. Andrews: In regard to logging the mill, what service does

the railroad company perform?

Mr. Sargent: The railroad company performs the service of hauling the logs from the woods into the mill site.

Mr. Andrews: Well, that is indefinite, as the railroad itself ends

in the woods, according to your testimony. Do you go out on the sprangled branches of the tram where the cars are loaded and bring the cars in?

Mr. Sargent: In emergency cases only. Mr. Andrews: Well, what is the custom?

Mr. Sargent: The lumber company has at each plant two engines of its own that it operates and maintains. They do all the woods work, and look after the construction trains which are all

2896 there is. We have nothing whatever to do with that.

Mr. Andrews: They bring them up to this imaginary point where the railroad ends and the tram begins and deliver them to the railroad?

Mr. Sargent: They bring them to the main line. There may be

several trams attached to the main line.

Mr. Andrews: From your so-called main line there are several trams sprangled through the woods?

Mr. Sargent: Yes, sir.

Mr. Andrews: They bring them to this point on the main line and you take them there?

Mr. Sargent: Yes, sir, that is the usual way.

Mr. Andrews: Do you lease the lumber company any equipment for that work?

Mr. Sargent: In the case of each plant there are three engines.

Mr. Andrews: Three engines at each plant?

Mr. Sargent: And two of the engines belong to the railroad company, purchased by them, and one in each case belongs to the Central Coal & Coke Company and we lease to them under a verbal arrangement the use of one of our own engines at each point.

2897 Mr. Andrews: What do they pay you for it?

Mr. Sargent: Their sum total payment to us is based upon a log measure. For all the service we render them of moving camp outfits over the main line and extraordinary switching in case they have troubles, for the use of engines. We aim to charge them uniformly 75 cents a thousand. We arrive at that however, in this way. It saves a good deal of bookkeeping. To take it upon the wheel report and charge so much per car, \$3.00, which reduced to a thousand feet, the cars averaging about 4,000 pounds, we get about 75

Mr. Andrews: A thousand feet? Mr. Sargent: Yes, sir.

Mr. Andrews: Who furnishes the logging cars?

Mr. Sargent: The logging cars belong to the coal company.

Mr. Andrews: And the other equipment of course, belongs to the coal company except the engines which you have mentioned?

Mr. Sargent: Yes. I do not believe there is any equipment at

either plant.

Mr. Andrews: That is true at both plants, the same method of operation at both plants?

2898 Mr. Sargent: Yes.

Mr. Andrews: Who routes the shipments when they move

Mr. Sargent: The lumber company.

Mr. Andrews: Does not the railroad company have anything to in

with the routing?

Mr. Sargent: No, they have a rate man in their office at Kansas City, and he gets an order and he puts the correct rate on there are puts on all routes available and that is the way the order goes to the mill.

Mr. Andrews: Are you Traffic Manager for the railroad company.

Mr. Sargent: No. I am Vice President and General Manager of

the railroad company.

Mr. Andrews: Have you a Traffic Manager for the railroad com-

Mr. Sargent: No.

Mr. Andrews: Have you a traffic manager for the lumber interess, the C. C. & C. C. interests?

Mr. Sargent: I am traffic manager for the lumber interests.

Mr. Andrews: Manager for the railroad and traffic manager for the other interests?

2899 Mr. Sargent: Yes.

Mr. Andrews: And when the routing is made up in your office do you make it up as the traffic manager of the lumber company, or as general manager of the railroad company.

Mr. Sargent: As the coal company's employee, I personally in methandle such matters. I do not see an order once in six months.

Mr. Andrews: Well, it is subject to your direction if you see in the

Mr. Sargent: Certainly.

Mr. Andrews: As a matter of fact it is left to the interest of the railroad company to get the best rate that can be obtained on x shipment to a particular destination, is it not?

Mr. Sargent: Not rate. Mr. Andrews: Division.

Mr. Sargent: We have got to consider actually the rate that is in effect.

Mr. Andrews: I understand.

Mr. Sargent: And the rate man furnishes the information and furnishes all the available routes.

2900 Mr. Andrews: I corrected the word rate by saving division.
Mr. Sargent: The divisions are the same.

Examiner Burchmore: Is it not correct to say and is it not the final fact that we want to ascertain, that in routing each carbon the agent of the coal company that gives the routing instructions, takes into consideration the rights of the railroad and the results to the Missouri & Louisiana Railroad in the way of divisions?

Mr. Sargent: Well, he would in a case like this, if the division on a shipment that could move via the Southern Pacific was one cent, and the division on a shipment destined to that same particular point was two cents if moving via the Kansas City Southern, the railroad would use the Kansas City Southern route.

Mr. Andrews: That is exactly what I asked you, if you did not

route it with reference to the best divisions.

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It were to be the respect that some three or four of the

largest stockholders in the Central Coal & Coke Company were interested in that Louisiana & Texas Company's plant at Ratcliff, Texas.

Mr. Andrews: You still own that?

Mr. Sargent: The Louisiana & Texas Lumber Company has not changed ownership so far as I know. The Central Coal & Coke Company does not own a dollar of it.

Examiner Burchmore: What is the name of the railroad serving

that other plant?

Mr. Sargent: The Eastern Texas Railway.

Examiner Burchmore: That has become a part of the Sante Fe System?

Mr. Sargent: No, the Cotton Belt System.

Examiner Burchmore: Have you any questions, Mr. Coleman?

Mr. Coleman: No.

Examiner Burchmore: Have you any further statement you desire to make about these two properties?

Mr. Sargent: It appears to me there is nothing further to

2904 say.

Examiner Burchmore: Now as to the other two properties, I suppose you will be rather brief about them, because they are coal.

Examiner Gutheim: Just a moment on the lumber proposition. Does the Central Coal & Coke Company own the right of way of the two railroad properties in Louisiana?

Mr. Sargent: They do.

Examiner Gutheim: And are the rates upon which you ship from the Carson and the Neame mills made on a milling in transit basis

by one or all routes?

Mr. Sargent: That is the theory; the rate on the log or lumber from all points over the Parish is identical and with our small road and its connections we make up one-through route and the logs may be milled in transit on the short line or on the long line, and the result is always the same.

Examiner Gutheim: The Bonanza Mill property is served by a railroad operated by the Missouri & Louisiana Railroad Company,

but not owned by it, is that the fact?

Mr. Sargent: That is correct. May I interrupt a minute. I do want to make one little statement in connection with the logging roads. You were asking about the dividends. Our annual

2905 statement shows what has been paid. I personally do not remember. But I want to explain why dividends were paid. All of the lines, the two in the coal district and the two in the lumber district, especially the latter, were operated for years at a loss and there was always occasion for calling upon the parent company for money to make both ends meet, and shortly after I came to the company I suggested that was a ridiculous way of doing things, and that the charges for service should be made such as to make the property self-sustaining, inasmuch as there is legitimate income to meet their operating expenses. While I called off a few moments ago the income from divisions, it should be stated that is only a part of the

income that appears in their statement as actual earnings. They are charging \$3.00 a car, which is the way it is carried—

Mr. Andrews: We understood that. But I asked you specifically

for the income from divisions for another purpose.

Mr. Sargent: Yes. They do a big logging business and applying \$3.00 a car to it makes the income from the logging invariably exceed the income from the divisions by a very considerable amount,

and that is what sometimes, when we have no bad luck, 2906 creates a surplus. But we have got to have some net earning all the time to provide for contingencies such as wrecks and personal injury claims. We have some of those on hand that look like we will not have a chance to declare a dividend for several years.

Examiner Gutheim: Who owns the tracks operated by the Mis-

souri & Louisiana in the vicinity of Bonanza?

Mr. Sargent: They belong to the Kansas City Southern.

Examiner Gutheim: Are they connected physically with the rail-road of the Kansas City Southern?

Mr. Sargent: They are not.

Examiner Gutheim: What is your physical connection, with what carrier line?

Mr. Sargent: The St. Louis & San Francisco.

Examiner Gutheim: And the tracks run from the St. Louis & San Francisco at Bonanza in a generally easterly direction to the mines?

Mr. Sargent: They do.

Examiner Gutheim: What consideration do you pay the Kansas City Southern for the use of the tracks?

Mr. Sargent: Based upon their original cost exclusive of the perishable cost, such as grading and drainage, four per cent.
 Examiner Gutheim: Do you lease any equipment with it?

Mr. Sargent: No, sir.

Examiner Gutheim: Do you operate over any track with your own equipment in and about Bonanza, with the exception of the trackage of the Kansas City Southern?

Mr. Sargent: You do not care to talk about the old-condition,

where they used to run to-

Examiner Gutheim: The present condition.

Mr. Sargent: We started something over a year and a half ago to execute a contract with the Frisco which would provide that we would receive a division per ton on the coal delivered to them for direct consignment to its ultimate destination, and we in turn were to substitute our engines as a switch engine for the use of the Frisco for the purpose of hauling slack coal over about seven miles of the Frisco rails to a coal washing plant. The consideration to the Frisco would be that they would save the expense of putting on a switch engine and our engine having so little tonnage to handle, it was idle part of the time and the arrangement thereby made was mutually beneficial.

Mr. Andrews: Is not this hearing limited to the lumber 2908 business and are we not losing time in going into the coal

business?

Examiner Burchmore: We will only take a few moments with

these two properties, and it is all one railroad corporation, and I think the Commission wanted it all brought out. It will be very brief. I might say if you have no interest in it we will adjourn at the conclusion of this phase of the case until two o'clock, and will not take up any other.

Examiner Gutheim: Is that contract with the Frisco agreed upon

entirely?

Mr. Sargent: The terms of it were practically agreed upon by exchange of views and conference with the Frisco people, but when the question of what would be done as to these tap lines was brought up, it was concluded that we could not get to a termination of the negotiations until the matter was settled.

Examiner Gutheim: Was the Frisco guaranteed 100 per cent of

the output of the Bonanza mines?

Mr. Sargent: They were guaranteed 100 per cent of the output of the mines upon which they were to pay us 10 cents a ton for switching the coal, a service of about 6½ miles over to their

2909 junction, except that on the coal that we were to transport by our engine, in lieu of their doing it with their own power they were to pay no division. When that coal comes out of the washery it goes over the Frisco and we have nothing to do with it. We are simply substituting switching service they would be compelled to do themselves otherwise as a common carrier.

2910 Examiner Gutheim: You mean the only coal upon which you get a division is that which comes from the Bonanza

Mines, and is given direct to the Frisco at Bonanza?

Mr. Sargent: Yes, sir.

Examiner Gutheim: No division is paid on the coal which goes to the Hackett Washery, and there delivered to the Frisco?

Mr. Sargent: That is correct.

Examiner Gutheim: Your operating expenses in and about the Bonanza operation consist only of the maintenance of way of the track leased from the Kansas City Southern and the expense incidental to the operation of the one locomotive and the train crew that goes with it.

Mr. Sargent: And the maintenance of the engine.

Examiner Gutheim: And the maintenance of the engine?

Mr. Sargent: Yes.

Examiner Burchmore: One question about that Bonanza plant. How did the Kansas City Southern come to build this five miles of railroad?

Examiner Gutheim: I was going to ask Mr. Sargent to give us a little of the ancient history of that. It is a long story, which I know personally, but I think it should go into the record.

2911 Mr. Sargent: In 1896 or possibly 1897 the Kansas City

Southern were building south, and their intent was to build a line to Fort Smith. As originally projected, it ran quite close to this coal property that was then being opened, and in order to make the coal immediately available to their own line, more particularly for engine fuel, they built the tracks adjoining the Frisco where they are right now, to the mines, and they executed a contract with

the Frisco which gave them the trackage right about 19 miles from Poteau, Oklahoma, to Bonanza Junction, a "Y," and later they determined to build a line into Fort Smith. The route they picked out was entirely too expensive and was abandoned for a while, and later they did build to Fort Smith farther north, but far up the valley, so they are entirely removed from the Bonanza mines. They had their investment there, and it was of no value to anyone except to those who could use it in operating the property, and they leased it to us.

Examiner Gutheim: Your road connects at Poteau with the Kansas City Southern through trackage agreement with the Frisco?

Mr. Sargent: No, we took over that contract which the Kansas City Southern executed with the Frisco, and assumed the 2912 obligations and performed the service ourselves for a number of years, but we quit that, well, within the last couple of years; I don't remember just when.

Examiner Gutheim: Then none of your coal moves to the Kan-

sas City Southern now?

Mr. Sargent: Except it may; there are lots of through rates in effect between the Frisco and the Kansas City Southern, but the Frisco is the immediate connection instead of our line.

Examiner Gutheim: What is the extent of the line you lease at

Bonanza?

Mr. Sargent: About 6.43 miles, is my recollection.

Examiner Gutheim: You do not do any other business to speak of at Bonanza, or in fact no other business, except the Central Coal

& Coke Company business?

Mr. Sargent: No, there is one mine out there, that is ordinarily known as a strip pit, which belongs to other parties, which they work, but the coal company usually buys that coal right at the pit and so in substance, all that is moved out is owned by the Central Coal & Coke Company.

Examiner Gutheim: Taking up the property at Bevier, the main

line runs from Bevier, Missouri, to Ardmore?

2913 Mr. Sargent: Yes, sir.

Examiner Gutheim: The mines are in about Ardmore?

Mr. Sargent: They are strung pretty well along the line. The main line distance is ten miles, and the first mine is south of Bevier about two and one-half miles.

Examiner Gutheim: What carrier connection have you with this

property?

Mr. Sargent: The Chicago, Burlington & Quincy.

Examiner Gutheim: That is at Bevier?

Mr. Sargent: That is at Bevier.

Examiner Gutheim: Are there any communities of any conse-

quence along the line from Bevier up to Ardmore?

Mr. Sargent: Two towns on the line, Keota and Ardmore. They are old towns; I guess they were there before the railroad was ever built.

Examiner Gutheim: And they are served solely by the Missouri

& Louisiana?

Mr. Sargent: Yes.

Examiner Gutheim: Is there any surrounding population that

depends on that line for railroad service?

Mr. Sargent: Yes, there is one little interior town which was some years ago quite important; I have not seen it in recent 2914 years; College Mound, it was then, and it was an interior community. There are farms all around in that country; some of the surface is good for that purpose and some not.

Examiner Gutheim: Does that particular line of the Missouri & Louisiana serve any mines which are not controlled directly or in-

directly by the Central Coal & Coke Company?

Mr. Sargent: Yes, sir; mines belonging to the Northwestern Coal & Mining Company. That Northwestern company furnishes in the neighborhood of 35 per cent of the tonnage, as a rule. I think they have that.

Examiner Burchmore: You lease a line from them?

Mr. Sargent: No, we own it ourselves.

Examiner Burchmore: Do you not lease any track from them? Mr. Sargent: Not of the main line. They have tracks which lead to their own mines over which we operate by agreement, and the agreements are on file with the Commission, but it is not main line.

Examiner Gutheim: Are those the ordinary tipple service tracks?

Mr. Sargent: Yes, sir. Well, they have quite a lead leading to
their first mine, the first one, but they are all strictly speaking, mine tracks, and are used for no other purpose. For

the year ending June 30, 1908, the Northwestern Company furnished 35.24 per cent of the to'al coal tonnage. In 1909, 29.03 per cent, and in 1910, 32.94 per cent. Of course that runs into thousands of tons, both properties being large producers, and besides this business, there is business for the general public.

Examiner Gutheim: Have you any figures of the tonnage handled for the general public and the revenue received by the com-

pany on it?

Mr. Sargent: I have not any tonnage figures on this statement, but I think they are provided in the annual report. I have a division of the income from divisions, passengers, mail and other revenue here.

Examiner Burchmore: Read it briefly.

Mr. Sargent: For 1908 the income from divisions was \$29,377.31. To be brief, I will call these in round figures. Would not that be better?

Examiner Burchmore: All right.

Mr. Sargent: Passenger earnings was \$5,000. We had no mail contract then, so no income from that. Other revenue, \$12,000. In 1909 from divisions, \$23,000, passenger earnings \$5,000, 2916 mail, \$394; other revenue, \$8,800. In 1910 from divisions, \$26,000; passengers, \$4,800, mail, \$452; other revenue,

\$7,700.

Examiner Burchmore: Is not this Northwestern Coal & Mining Company a subsidiary corporation of the Central Coal & Coke Company?

Mr. Sargent: No. it is the only competitor the Central Coal & Coke Company has got in the state of Missouri.

Examiner Burchmore: Active competitor?

Mr. Sargent: Active? Well, I should hope so.

Examiner Burchmore: Then you and your competitor are get-ting along rather friendly right at that place.

Mr. Sargent: Well, we have got a line that is chartered in the sate as a common carrier, and there is no choice; we have to serve them, and they are served absolutely upon the same terms as we serve the Central Coal & Coke Company or any one else.

Examiner Burchmore: But you are their lessee on certain tracks;

you lease tracks from them?

Mr. Sargent: That is only to get to their mines. They built those tracks, and we are simply accorded the right to run over them. and the contract more particularly executed to make it com-

2917 pulsory that they maintain the tracks in a safe condition to be used, so in the case of injury their responsibility would

There is no consideration in it at all. be established.

Examiner Gutheim: I would say that supplementing the figures of revenue on the business for the general public that Mr. Sargent has submitted, the Commission has of record the tonnage for the years 1908 to 1909, divided on that basis, so if you want the tonnage for 1910, it would have to be obtained from the witness.

Examiner Burchmore: I was going to suggest that you furnish the Commission with a statement of the tonnage and revenues for each of your four properties, the four detached lines, stated separately, stating the character and extent of the tonnage furnished by the controlling corporations, and divide up the tonnage furnished by what might be called the public. And would it be too much trouble to make that up?

Mr. Sargent: No. but allow me to suggest so far as the two lines in Louisiana are concerned, and the line in Arkansas is concerned. there is no other tonnage than the Central Coal & Coke Company.

Examiner Burchmore: But I want the figures, because I 2918 understand that your reports to the Commission combine the four in a lump.

Mr. Sargent: Yes.

Examiner Burchmore: And we would be able to analyze that report, and know how much comes from one line and how much from another. Of course there may not be any separation there as to public and industrial traffic, but we would be able to separate the others.

Mr. Sargent: I have the separate reports.

Examiner Burchmore: All right,

Mr. Sargent: I have it for those three years, but the statement was made that the Commission already had the report.

Examiner Burchmore: Do you want to put that in evidence as it

stands?

Mr. Sargent: This memorandum?

Examiner Burchmore: Yes.

Mr. Sargent: Yes, if you care to have it.

Examiner Burchmore: If you care to, it will be received in evidence and perhaps it will show the whole thing.

Mr. Sargent: I am sure it will, but I will have another

2919 try at it.

(The paper so offered and identified was received in evidence and thereupon marked Missouri & Louisiana Exhibit No. 1, Witness Sargent, received in evidence December 17, 1910, and is attached hereto.)

Examiner Gutheim: What divisions do you obtain on the output

of the mines at Bevier or at Ardmore?

Mr. Sargent: It is on the basis of so much a ton. The division sheet has been filed, and the terms of the contract with the Burlington under which these divisions were to be allowed, contemplate that the Burlington shall pay nothing on the coal that comes from the Central Coal & Coke Company's mines or the Northwestern Mining Company's mines upon their engine fuel. They, of course, recognized that the pay for the services rendered must in some way or other to be made, but they did not want any tax upon their engine fuel, so they took the tonnage and figured out what it would amount to, and about what it would cost to transport it, and they paid a fixed amount per ton, based upon commercial coal, only it is freight revenue coal to them, and freight revenue coal to us, and that average income, I suppose, figures out about five cents per ton.

2920 Examiner Gutheim: That is on all the coal?

Mr. Sargent: On all coal, when you take the income from divisions and apply it to all the tons of coal handled, that is the Burlington engine coal plus the commercial coal, it averages about five cents a ton.

Examiner Gutheim: But the actual revenue on commercial coal is

how much?

Mr. Sargent: It is eight cents a ton; I think ten cents now,

changed within the last year.

Examiner Gutheim: About how much of a haul do you perform coming from both the Central Coal & Coke Company and the Northwestern Company's mines?

Mr. Sargent: I think the average service would be about like cut-

ting the line in two, five miles.

Examiner Gutheim: Some of it is hauled about ten miles, others two miles, and others four, and some six?

Mr. Sargent: Yes.

Examiner Gutheim: I will say that the contract with the Burlington is on file with the Commission in connection with the industrial railroad examination.

Examiner Burchmore: This railroad is incorporated in Mis-

souri?

2921 Mr. Sargent: Yes, sir.

Examiner Burchmore: Is there any incorporation in Loui-

siana?

Mr. Sargent: No, it is a holding company that holds these four companies.

Examiner Burchmore: Does the Louisiana law permit foreign corporations to operate railroads in that state?

Mr. Sargent: I suppose so.

Examiner Burchmore: I thought some of the main line systems had separate corporations in Louisiana, and my impression was that that was due to some state law.

Mr. Sargeant: In Texas that is required, but not in Louisiana. Examiner Burchmore: Well, the Kansas City Southern has a

Louisiana corporation?

Mr. Sargent: They only did that for a purpose. It was not necessary. I was with them when they built the railroad.

Examiner Burchmore: How about Arkansas?

Mr. Sargent: Arkansas is like Louisiana; there is no such law.

Texas is the only state I know of that is like that out in this country.

Examiner Burchmore: Vour statements to the Commission

Examiner Burchmore: Your statements to the Commission

2922 report the operating expenses and revenue?

Mr. Sargent: Yes, sir.

Examiner Burchmore: Can you not take your figures for the last three years and advise us as to the separation of revenue and expenses between the four companies?

Mr. Sargent: Yes, sir.

Examiner Burchmore: Take the totals of the operating expenses and revenue for the last three years and separate them between the four companies.

Mr. Sargent: As I understand, make four reports for the years

1908, 1909 and 1910?

Examiner Burchmore: Yes, sir.

Mr. Sargent: Four reports for the separate pieces, all of which were used to make up the total?

Examiner Burchmore: Yes.

Mr. Sargent: Because it all has to be compiled in advance. Examiner Burchmore: Have you any further statement?

Mr. Walter: As long as Mr. Sargent's attorneys are away, why not permit him to reserve the right to introduce a statement later, if he wants to?

Examiner Burchmore: As to the facts?

Mr. Sargent: I have given you all the facts.

2923 Examiner Burchmore: If your counsel desires to file a brief on the question, or if there is any further statement he wishes to make to the Commission in the form of a written communication, I will allow your suggestion to that effect to go into the record

at this point.

Mr. Sargent: Well, we are operating a railroad proposition as such. We assume the responsibility of a carrier, and we have to provide a revenue that will meet the operating expenses and provide for contingencies. We are constantly confronted with extraordinary expenses incident to wreeks, personal injury suits, and we have no means of deriving a revenue sufficient to operate these properties except through the means of being permitted to share in through

rates and be given a division of such through rates, and on that account that income, because of the fact that the divisions will not pay operating expenses, we provide an income through charges for service, in order to make the income meet the expenses. And I only say that again because I want to bring out the fact, if we have no unfortunate accidents, our surplus is great some times and a dividend that is excessive is paid, wheras the next year it may take 200

per cent as the net to meet the deficit incident to the wrecks and personal injury losses which we have to provide for by some means. In ordinary operations the income looks too big for the service rendered, whereas if you are confronted with these extraordinary items, they fall far short. And I would like to have it go in the record that I ask for our attorney to file any brief in the case if he may elect to do so, and the Commission permits anyone to do so.

Examiner Burchmore: If he so desires, I suggest that you request him to forward his request to the Commission in the shape of a letter, so we may have something to reply to.

letter, so we may have something to reply to.

Mr. Coleman: May I ask a question? Did you testify as to the amount of the division you got on the coal which originates on your

line in Missouri?

Mr. Sargent: Yes, ten cents on the commercial coal only. That, as applied to all coal hauled, brings an income of approximately five cents; in other words, if we were making the Burlington pay on its engine coal, we would charge them five cents as part of the through rate, and the commercial public would be getting the same rate; five cents, but the Burlington did not want it handled that way, so we figured all the tonnage and made the division on commercial coal ten cents, so as to make it all five cents.

Mr. Coleman: I do not know as it is competent for me to ask any questions bearing on the coal proposition there, but we are indirectly interested in coal mines, and so forth, and if per-

missible, I would like to ask one more question.

Examiner Burchmore: You may.

Mr. Coleman: Is this coal mainly marketed within the state or does any considerable tonnage move interstate?

Mr. Sargent: A very large portion of it goes to the Burlington road. I think there is—

Examiner Burchmore: I just wanted an approximation.

Mr. Sargeant: This is not in total, so I cannot get it absolute, but it looks as if about 60 per cent of the output of the mines goes to the Burlington.

Mr. Coleman: For locomotive consumption?

Mr. Sargent: Locomotive consumption, and the other 40 per cent, quite a tonnage that is, finds its market in Missouri and Nebraska.

Mr. Coleman: And the division applies interstate as well as intra-

state

Mr. Sargent: As well as state; yes, sir.

(Witness excused.)

Whereupon, at 1:00 P. M. a recess was taken until 2:00 P. M.

2:00 P. M.

Examiner Burchmore: We will continue with the call, beginning with the Sabine & Northern, and we will go through as far as we can until six o'clock or thereabouts, and if we have made such progress so that there are only two or three cases to be taken up this evening, we will do so; otherwise we will go on to Monday and finish the cases.

Mr. Cowan: Take my own situation, and probably other people are in the same fix, I have got a business engagement which I have been depending on for several days and doing a lot of worrying about, Question: Can I be in Galveston Sunday? Monday? If not, when can I be there? Now, you have some cases, Mr. Garwood, you told me, which you had to try Monday. It seems to me that although it may discommode some one, that if we could know for certain-if I know for certain I will be here until Monday, it is all right, and I have no complaint, except it seems to me we ought to find out whether we are to be here until Monday. That is partly personal, I admit, but I think we all should know whether we are to be here Monday or not.

2927 Mr. Garwood: I wish to file two notices to produce documents. I will not take up the time of the Commission to read them, and will furnish counsel for the intervenors with copies of them, and ask that they be made part of the record.

Examiner Burchmore: Very well; they will be received.

Mr. Garwood: I wish them made part of the record, and copied into the record.

Interstate Commerce Commission.

No. 1319.

STAR GRAIN AND LUMBER COMPANY et als.

ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY et als.

In the Matter of Tap Line Allowances and Divisions, Consolidated Under Investigation and Suspension Docket No. 11.

Hearing at New Orleans, December 8, 1910.

Notice to Produce.

To the Kirby Lumber Company, Intervener, John H. Kirby, the Atchison, Topeka & Santa Fe Railway Company, the Gulf, Colorado and Santa Fe Railway Company, and to E. P. Ripley.

President of the Gulf, Colorado and Santa Fe Railway Company and the Atchison Topeka and Santa Fe Railway Company, and to David Gallup, and James R. Chapman, sever-

You, and each of you, are hereby notified to appear and produce upon hearing at the time and place thereof, as shall be hereafter

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designated by the Interstate Commerce Commission, the following documents, to-wit:

1. The contract made and entered into by and between said John H. Kirby, of which the Kirby Lumber Company is a beneficiary and the Atchison, Topeka and Santa Fe Railway Company and the Gulf Colorado and Santa Fe Railway Company, both or either of them, or which was entered into by said Atchison Topeka and Santa Fe Railway Company and the Gulf, Colorado and Santa Fe Railway Company, both or either of them, by which said Atchison, Topeka and Santa Fe Railway Company and the Gulf, Colorado and Santa Fe Railway Company, both or either of them, and of which the Kirby Lumber Company was a beneficiary, whereby and whereunder said Atchison, Topeka and Santa Fe Railway Company and said Gulf, Colorado and Santa Fe Railway Company agreed to cancel, and did cancel, all through and joint rates on lumber with the connecting lines of the said Atchison, Topeka and Santa Fe Railway Company agreed to cancel,

2929 way Company and said Gulf, Colorado and Santa Fe Railway Company, said contract being that specific contract referred to in Paragraph XVIII, Section 13 and Section 14, pages 103 and 104 of the joint and several answers of the defendants Kirby Lumber Company and John H. Kirby to the amended bill of complaint of the Maryland Trust Company, Trustee, Complainant, filed in the case of the Maryland Trust Company, Trustee, vs. Kirby Lumber Company and Houston Oil Company of Texas, then pending in the Circuit Court of the United States for the Southern District of Texas at Houston, being numbered 54 on the Equity Docket thereof, on March 25 A. D. 1905, which said Sections 13 and 14 are

as follows, to-wit:

"13. Say that the lumber to be cut from the timber on the Kountze lands is tributary to the Gulf, Colorado and Santa Fe Railroad system which in turn is owned by and is a part of the Atchison, Topeka and Santa Fe Railroad system operating nearly ten thousand miles of railway extending from Chicago, Illinois, to San Francisco, California, with numerous branches in the state of Texas, Oklahoma, Kansas, Missouri, Illinois, Colorado, New Mexico and Arizona. through which it runs, and that it has connections at El Paso for points in Mexico, enabling Kirby Lumber Company to reach all points on the line of the said Atchison system under the con-

2930 fract herein mentioned of said Kirby with said Atchison Railroad, at rates, or rather under conditions, that would give said Kirby Lumber Company an advantage of about \$1 per thousand feet of lumber over and above what is competitors, located on other lines of railway, could realize from shipments to points reached by said Atchison railroad, and this for the reason that said Atchison & Santa Fe railroad, under said contract with said Kirby, of which said Kirby Lumber Company is a beneficiary, had canceled all through and joint rates on lumber with the connecting lines, thereby giving the lumber manufacturers, located along the lines of said Atchison railroad, an advantage in freight rates in reaching all points located on the line of the said Atchison railroad system.

14. Say that said Houston Oil Company of Texas already owned

numerous bodies of land interspersed with said Kountze lands in such a way that it would, if such Kountze lands were not acquired, greatly increase the original cost as well as the expense of operating

the tramroads required to log said Houston Oil Company's lands so interspersed, wherefore it was highly important, as

an economic movement, that said Kountze lands be acquired, so much so that thereby an estimated difference in the profit to be realized by defendant, Kirby Lumber Company, amounting to at least \$2 to \$3 per thousand, would result; that the said Kountze lands were for sale by the owners at a rate of about \$2 per thousand feet for the yellow pine timber thereon, and some of said Kirby Lumber Company's competitiors in the lumber business, as these defendants knew, were making efforts to acquire parts of said Kountze lands; that the arrangement herein stated between said Kirby and said Atchison, Topeka and Santa Fe Railroad, of which defendant, Kirby Lumber Company, is the beneficiary, is not and under the law could not be exclusively for its benefit, but would apply equally to all shippers along the lines of the Gulf, Colorado and Santa Fe Railway Company; that if said Houston Oil Company of Texas acquired said Kountze lands, then there would be no other large bodies of lands along the lines of said Atchison Railroad, not owned by either the said Houston Oil Company of Texas or said Kirby Lumber Company, to tempt competitiors, wherefore such regulation by said At-

chison railroad would practically result in said Kirby Lum-

2932 ber Company being the sole beneficiary thereof.

2. Contract between said John H. Kirby and said David Gallup, which said contract was by said Kirby assigned to said Kirby Lumber Company, whereby said Gallup, who held title to said Kountze lands, the body of yellow pine lands situated in the State of Texas containing approximately one hundred and sixty-nine thousand acres of virgin pine timber, for the said Atchison Railroad system, gave to said Kirby on option for a period of five years to purchase said lands, and whereby and wherein defendant, Kirby Lumber Company, agreed to sell to said Atchison Railroad system ten million feet of lumber per year at a cost of twenty per cent. (20%) less than the market price thereof, and agreed to route over said Atchison Railroad system, which includes the Gulf, Colorado and Santa Fe Railway system, all lumber manufactured by said Kirby Lumber Company at such of its mills as were located on the railroad of such system, which said contract is the contract referred to by said Kirby Lumber Company and said John H. Kirby in the answer above referred to in said cause of the Maryland Trust Company, Trustee, vs. Kirby Lumber Company and Houston Oil Company of Texas, in said Paragraph XVIII, sub-section 23, page 110, which is as

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"23. Say further, that these defendants realizing that failure of said Houston Oil Company to purchase such lands "(Kountze)" and subject them to said stumpage contract would be disastrous to its manufacturing interests as aforesaid, sought in every way they could to aid the Houston Oil Company of Texas in this crisis, and, relying implicitly on the representations of said Calhoun

and said Houston Oil Company that the latter would latter take one said land and relieve defendant, Kirby Lumber Company of the large den thereof and repay to these defendants their respective outlays in that behalf, with interest thereon, case about to see what plan could be adopted for saving the situation and preventing said Kompany lands from falling into the hands of aforesaid competitors; that said Kirby sought his friend F. P. Ripley, President of said Atchissa. Topeka and Santa Fe system, with the result that after some weeks of negotiation, the board of directors of said system agrees to advance \$2,000,000 towards said purchase if, but only if, the title to sain

lands was conveyed to them for said \$2,000,000, the balance
2934 of the purchase money to be paid by these defendants, or one
of them; that this negotiation culminated in the contract

known as the Gallup contract, under which said Gallup, who hear his title to said Kountze lands for said Atchison Railroad System. to said Kirby an option on such lands for a period of five years quiring him, said Kirby, to pay the sum of about \$165,000, besieve interest semi-annually at the rate of 5 per cent per annum on said sum of \$2,000,000, which said option said Kirby at once assume to defendant, Kirby Lumber Company, whereupon it pand said of \$165,000 in cash and likewise has paid since three of said annual installments of interest; that, as further consideration fie said Gallup Contract, defendant Kirby Lumber Company was required to enter into a contract to sell to said Atchison Railroad Satem 10,000,000 feet of lumber per year at low prices, to wit. 20 me cent. less than the market price thereof, and was also required a route over said railroad system all lumber manufactured by Kirby Lumber Company at such of its mills as were located on the railroads of such system."

Which said contract is likewise referred to in Subsection 35 27 of said Paragraph XVIII, page 112 of said answer.

2935 27 of said Paragraph XVIII, page 112 of said answer.

3. Contract of David Gallup and John H. Kirby referred to in letter of John H. Kirby as President of the Kirby Lumber Company to B. F. Yokum, of date November 8, 1903, as set out in the report of Special Master in Chancery J. R. Burnett in Intervention No. 161 in said Equity cause No. 54 above referred to, filed October 14, 1904 in said cause, said contract being therein referred to as dated July — 1902.

4. The said Atchison, Topeka and Santa Fe Railway Company, Gulf, Colorado and Santa Fe Railway Company and David Galian, and each of them, are hereby notified to produce all deeds, companies and resolutions of Boards of Directors of either of said Companies whereby and whereunder said David Gallup or any other person assing for or in the interest of said Atchison, Topeka and Santa Fe Railway Company or either of said Companies directly acquired title to said Kountae lands referred to in the pleadings hereinabove mantioned.

5. All parties to this notice are notified to produce at the time and place aforesaid copies of conveyances of the Kirby Lumber Company to J. R. Chapman whereby, in consideration of the 2936 sum of \$1,980,348.26 of date on or about July 2, 1969, the Kirby Lumber Company conveyed to said J. R. Chapman

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the representation of manager and manager and resolutions of Boards of Directors of Southeast and resolutions of Boards of Directors of Southeast and resolutions of Boards of Directors of Southeast and Southeast and Directors of the contracts of the representation of Directors for the contracts of the delivery of Languer contracts the purchase of lands of the contracts of the delivery of Languer contracts with either of the contracts of the purchase of the contracts of the delivery of Languer contracts with either of the contracts of the delivery of Languer contracts with either of the contracts of the delivery of the delivery of the contracts of the delivery of the delivery of the contracts of the delivery of the

The class of the said connected with the said case of the said Beaumont and Kansas of the said Beaumont and Kansas of the Laiway by John

H know of his assessment of the study Colorado and Santa & Railway Company, or whereas either of said Companies or the stockhooding macross thereo acquires the essential ownership of said fail. Realmost and Kanss for Railway Company, or whereby he said John H know or his assessment soid, transferred, leased or conveyed the total Beaumon and wirea Northern Railway Company or any essential macross theorem either to the said Gulf, Colorado and Santa & Railway Company or any essential macross theorem either to the said Gulf, Colorado and Santa & Railway Company or any essential macross described and Santa & Railway Company or any essential macross controlling or owning said Railway Companyes of either of them.

* Sand John H. Kirse and said Kirse Lamber Company are political to predice a said bearing a copy of said joint and several asset of the Kirse Lamber Company and John H. Kirse to the accretion of the Kirse Lamber Company filed in said cause of Marchand Tress Company filed in said cause of Marchand Tress Company are Tress configured in Texas in the Circuit Court of the United State for the Surface of Texas to the Teport of Judge have R. Barriet in more summer for and also the report of Judge have R. Barriet in more summer for the in said Equity cause No. 3- in the master of the Leating Courtree, filed October 14.

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E M. GARWOOD, LATSHER M. WALTER, E. J. MANTOOTH, CES- I. COLEMAN, Att ye.

Interstate Commerce Commission.

No. 1319.

STAR GRAIN AND LUMBER COMPANY et als.

ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY et als.

In the Matter of Tap Line Allowances and Divisions, Consolidated under Investigation and Suspension Docket No. 11.

Hearing at New Orleans December 8, 1910.

Notice to Produce.

To the Intervenors, Kirby Lumber Company, William Cameron and Company, Miller-Link Company, Orange Lumber Company, and to each and all of the intervenors making themselves parties to the intervention of said above named parties, whether herein specifically designated or not:

You and each of you are hereby severally notified to produce at the hearing herein, at the time and place to be hereafter designated by the Interstate Commerce Commission, as applicable to each of said

intervenors severally, the following:

1. Cost sheets showing costs per thousand feet, Board Measure, for producing the lumber manufactured at each of your several mills during each month of the year 1910, including every expense chargeable to original cost, from the lumber into the car in which the product moved to market and the general average per thousand feet, Board Measure, for the total amount produced at all the mills of each Company intervening herein during the same period; and showing charge for stumpage per thousand feet, log scale separately and giving name of rule for scaling used in determining the log scale.

2. Exhibit showing the amount received, in dollars and cents, per thousand feet, Board Measure, F. O. B. mill for stock for each month during the year 1910 by grades and per cents in the manner fol-

lowing:

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	% of total.	Amount rec'd.
—— feet B. and better (Include all sizes and descriptions) —— feet C. and No. 1 Common (Include all sizes		
and descriptions)		
— feet No. 2 Common (do)		
—— feet No. 3 Common (do)		* * * *
feet No. 4 Common (do)		

Show grand total of shipments and general average received

per thousand feet board measure for all grades combined.

3. Exhibit showing amount of lumber, including sawed railroad ties as lumber, by cars and feet board measure shipped into each State and Territory of the United States during each month of the year 1910, the amount shipped into Mexico and Canada, and the amount shipped for exporting to foreign countries, giving names of railroads over which shipments moved and number of cars and the amount of feet going over each line of railroad from point of origin to final destination.

2941 4. The Kirby Lumber Company is notified to produce statement of the amount — lumber, railroad ties, and all lumber material sold to the Gulf, Colorado and Santa Fe Railroad or the Atchison, Topeka and Santa Fe Railway Company under the contract made between said parties whereby it was agreed that the Kirby Lumber Company should sell to the said Railway Companies ten million feet of lumber annually at 20% below the market price, which contract said parties have been served notice to produce herein; and, separately statement showing the amount and selling price of all lumber and lumber products, including railroad ties, sold by the Kirby Lumber Company to the Atchison, Topeka and Santa Fe Railway Company from the time of the execution of the contract referred to up to and including the year 1910.

H. M. GARWOOD, LUTHER M. WALTER, E. J. MANTOOTH, CHAS. T. COLEMAN, Att ys.

Examiner Burchmore: Judge Cowan, all I can say is that I am not going to leave New Orleans with any case unheard that wishes to be heard. If, at six o'clock, there appears that there will be only one or two cases left, I do not think anybody will object to our going on tonight and hearing them. I think it probable we will not stay until Monday. I will announce we will hold a session over until Monday, with the possibility that there may be a short night session this evening. Of course if the calendar becomes exhausted today, we will have to adjourn.

2943 Sabine & Northern Railroad.

C. E. Walden was called as a witness, and having been duly sworn, testified as follows:

Examiner Gutheim: Where do you live?

Mr. Walden: Beaumont, Texas,

Examiner Gutheim: Your occupation is what?

Mr. Walden: I am secretary and treasurer of the Sabine & Northern Railroad.

Examiner Gutheim: I hand you a map of the Sabine & Northern Railroad, which was furnished to one of the examiners of the

Commission about a year ago. Does that show the general geographical location of the country substantially?

Mr. Walden: Yes, but I have a better map showing it.

Examiner Gutheim: If you will file the other map, we will use

Mr. Walden: That shows it on scale.

(The map so offered and identified was received in evidence and thereupon marked Sabine & Northern Exhibit No. 1, witness Walden, received in evidence December 17, 1910, and is attached hereto.)

Examiner Gutheim: The track operated by the Sabine & Northern begins at Deweyville, Texas, and runs south a 2944 few miles to Ruliffe, and thence in a northeasterly direction to a point called De Quincey and then north through Smyth Junction, and then in a westerly direction to Blewett.

Mr. Walden: Yes, sir, with a spur branch off from Juanita

Junction to Juanita.

Examiner Gutheim: And Juanita Junction is between Smyth Junction and Blewett?

Mr. Walden: Yes, sir.

Examiner Gutheim: Who owns the track between Deweyville

and Ruliffe?

Mr. Walden: That is the joint track of the Texarkana & Fort Smith Railroad and the Sabine Tram Company, which has been leased by the Sabine Tram Company to the Sabine & Northern Railroad.

Examiner Gutheim: Who owns the track from Ruliffe to De

Quincey?

Mr. Walden: The Kansas City Southern.

Examiner Gutheim: And from De Quincey to Smyth Junction?

Mr. Walden: The Kansas City Southern.

Examiner Gutheim: And from Smyth Junction into Blewett.

Mr. Walden: The Sabine & Northern.

2945 Examiner Gutheim: So that the only track owned by this corporation is that from Smyth Junction into Blewett, and from Juanita Junction to Juanita?

Mr. Walden: Yes, sir, in fee simple. Examiner Gutheim: What is the relation between the Sabine & Northern Railroad and the Sabine Tram Company?

Mr. Walden: In what respect?

Examiner Gutheim: Well, are the stockholders in both com-

panies identical?

Mr. Walden: Practically so. There is one stockholder in the Sabine & Northern Railroad that is not in the Sabine Tram Company.

Examiner Gutheim: And his holdings are sufficient to qualify

him as a director?

Mr. Walden: It is nominal; yes, sir.

Examiner Gutheim: The entire track is standard gauge, is it?

Mr. Walden: Yes, sir.

Examiner Gutheim: And the logging along this line is all done out of Blewett?

Mr. Walden: Yes, sir.

Examiner Gutheim: The track from Blewett into the tim-2946 ber is the private track of the Sabine Tram Company?

Mr. Walden: Private track of the Sabine Tram Company;

in other words, what we call the tram road.

Examiner Gutheim: Is the operation of the Kansas City Southern tracks from Smyth Junction through De Quincey down to Ruliffe performed at the present time under contract that was entered into some years ago between the Kansas City Southern and the Texarkana & Fort Smith and the Sabine Tram Company?

Mr. Walden: Yes, sir; under that contract, as signed by the Sabine

Tram Company to the Sabine & Northern Railroad.

Examiner Gutheim: That contract provided, did it not, that the operation should be by the Sabine Tram Company or by some corporation organized in its interests?

Mr. Walden: It did.

Mr. Sugar: We have a copy of that here.

Examiner Gutheim: We have a copy also. What consideration is paid the Kansas City Southern for the use of the track between Smyth Junction and Ruliffe?

Mr. Walden: \$1.75 per car.

Examiner Gutheim: Per log car?

Mr. Walden: That is the original contract which was entered into between the Sabine Tram Company and the Kansas City Southern Railway.

Examiner Gutheim: And assigned by the Sabine Tram Company

to the Sabine & Northern?

Mr. Walden: Assigned by the Sabine Tram Company to the Sabine & Northern, but the consideration is different in that case.

Examiner Gutheim: What is the arrangement for the use of the track between Deweyville & Ruliffe? That track, as I understand, is operated by the Sabine & Northern and the Texarkana & Fort Smith.

Mr. Walden: Yes, sir.

Examiner Gutheim: What arrangement is there as to the use of

that track by the owners of it?

Mr. Walden: The Sabine Tram Company leased the right to the Sabine & Northern Railroad to operate over that piece of track in consideration that the Sabine & Northern Railroad would make a flat rate of so much per car from Blewett, Louisiana, to Deweyville, Texas.

Examiner Gutheim: What rate per car does the Sabine Tram Company pay to the Sabine & Northern Railroad for that service

from Blewett right through to Deweyville?

2948 Mr. Walden: \$5.25 per car where the Sabine & Northern receives no divisions on the outgoing product.

Examiner Gutheim: Where divisions are received, what is paid?
Mr. Walden: That is refunded to the Sabine Tram Company in
the proportion of four cars of logs to one car of lumber.

Examiner Gutheim: So that the Sabine & Northern Railroad's revenue is derived ultimately from the log haul solely?

Mr. Walden: I did not catch that,

Examiner Gutheim: The Sabine & Northern's revenue is derived ultimately from the log haul solely, and the divisions go back to the Sabine Tram Company?

Mr. Walden: No.

Examiner Gutheim: Making the amount paid by the Sabine

Tram Company the log haul of \$5.25 less the division?

Mr. Walden: No, the Sabine & Northern gets \$5.25 per car from the Sabine Tram Company for transporting those logs in, provided it receives no division on the finished product delivered by its connection, the Kansas City Southern; but in the event it receives a division, then it refunds to the Sabine Tram Company the cost of bringing in those cars, four cars of logs to one car of lumber, and

retains for its compensation the division it gets on the fin-

2949 ished product?

Examiner Gutheim: Where are the mills of the Sabine

Tram Company located?

Mr. Walden: One of them is located at Dewevville, Texas, and the other is located at Juanita, Louisiana.

Examiner Gutheim: Has the mill any outlet except by the Sabine & Northern to the Texarkana & Fort Smith at Ruliffe?

Mr. Walden: No.

Examiner Gutheim: And Juanita has no other outlet except the Kansas City Southern at Juanita on its own track?

Mr. Walden: That is true.

Examiner Gutheim: The haul from Deweyville to Ruliffe is how

Mr. Walden: Somewhere in the neighborhood of two miles.

Examiner Gutheim: Does the Sabine & Northern perform that two miles of service on the finished product?

Mr. Walden: No.

Examiner Gutheim: The Texarkana & Fort Smith takes it out direct?

Mr. Walden: Yes, sir.

Examiner Gutheim: And at Juanita the Kansas City 2950 Southern takes out the product direct also?

Mr. Walden: Yes, sir.

Examiner Gutheim: So that no service whatever is performed on

the product of the mills by the Sabine & Northern?

Mr. Walden: No. We figure we are entitled to the compensation on the basis of a milling in transit. We could, however, perform the services in both cases if it was desired or required.

Examiner Gutheim: What equipment does the Sabine & Northern

Mr. Walden: It owns one locomotive, has one under lease, and has 70 logging cars leased and has one flat car and a caboose.

Examiner Gutheim: And from whom is the equipment leased?

Mr. Walden: From the Sabine Tram Company.

Examiner Gutheim: What consideration is paid as rental?

Mr. Walden: For the locomotive, \$100 per month; for the cars, \$2,100 per annum, with a contract that the Sabine & Northern Rail-

road must keep up the cars.

Examiner Gutheim: On the owned track going from Smyth Junction to Blewett and from Juanita Junction to Juanita, is there any service performed for any party except the Sabine 2951-2 Tram Company?

Mr. Walden: Yes, sir; there is some little traffic handled

over that line.

Examiner Gutheim: Is it anything more than what is incidental to the needs of the logging camps of the Sabine Tram Company at Blewett and beyond?

Mr. Walden: There are a few people out there that give small quantities of freight to be handled backwards and forwards from

Blewett to Smyth Junction or Juanita, as the case may be,

Examiner Gutheim: Does the Sabine & Northern perform any service between Ruliffe and Deweyville for anybody except the Sabine Tram Company?

Mr. Walden: No, sir.

Examiner Gutheim: And under its contract with the Kansas City Southern for the trackage rights, it is prohibited from handling anything except the logs of the Sabine Tram Company?

Mr. Walden: Or some company to be organized-yes, sir, to han-

dle the logs of the Sabine Tram Company.

Examiner Gutheim: Does the contract that provides for the use of the Kansas City Southern's tracks, provide for the distribution of the tonnage of the two mills?

2953 Mr. Walden: Will you read that question?

(Question read.)

Mr. Walden: Do you mean by that, how the tonnage shall be sent out?

Examiner Gutheim: Yes; does the Kansas City Southern provide that it and the Texarkana and Fort Smith shall get all the tonnage

and have the permission to route it through?

Mr. Walden: Yes, sir, and with a provision in there that where they cannot hand-e it promptly and furnish equipment promptly, the Sabine Tram Company has the right to designate the routing. Examiner Gutheim: What division is the Sabine & Northern

Examiner Gutheim: What division is the Sabine & Northern Railroad allowed out of the rates from Deweyville and Juanita?

Mr. Walden: Three-quarters of a cent to three cents is the greatest division it actually receives. There has been a good deal of discussion about the maximum division on the Kansas City Southern. There is one point, if my recollection serves me right, of four cents; that is Fort Smith, but Fort Smith being located in the manufacturing district, I do not assume that any concern any distance from there has ever had occasion to ship a car of lumber

to Fort Smith, so that as a practical proposition the divisions

2954 run from three-quarters of a cent to three cents.

Examiner Gutheim: Now, as a matter of fact, are there any communities located along the line of the road that is owned by the Sabine & Northern.

Mr. Walden: Well, there is Blewett, Louisiana, a small place of five or six hundred people.

Examiner Gutheim: Is it not a fact that Blewett was first estab-

lished as a logging camp?

Mr. Walden: That is true. And there is Juanita, up there on the tracks of the Kansas City Southern, and the Sabine & Northern, of about seven or eight hundred people.

Examiner Gutheim: Juanita was there before the Sabine &

Northern, was it not?

Mr. Walden: Yes, sir, Juanita was there before the Sabine & Northern was ever built. And there is the town of Dewevville down on the Sabine & Northern and the Texarkana & Fort Smith, of probably 1,500 people.

Examiner Gutheim: But Deweyville is served entirely so far as the service except the logging of the mill goes, by the Texarkana &

Fort Smith?

Mr. Walden: By the Texarkana & Fort Smith. Examiner Gutheim: On the joint tracks?

2955 Mr. Walden: On the joint track of the Texarkana & Fort Smith and the Sabine Tram Company.

Examiner Gutheim: Are you keeping separate accounts for the railroad company, as required by the Commission?

Mr. Walden: Yes, sir; and I have all of our forms here, that I am perfectly willing to put in the record if desired.

Examiner Gutheim: You do not have any passenger service?

Mr. Walden: No, sir; we do not handle passengers.

Examiner Gutheim: Is there any contract that provides for the division between the Kansas City Southern and your company, outside of the division sheets?

Mr. Walden: No, sir.

Examiner Gutheim: The divisions are not provided for in the trackage right contract?

Mr. Walden: No, sir.

Examiner Gutheim: Can you say about how much business in tonnage and revenue is done by the Sabine & Northern for parties not connected in any way with the Sabine Tram Company?

Mr. Walden: I could not give it accurately, but I will say it is

a very small part.

Examiner Gutheim: Will you furnish a statement that will show the total tonnage and revenue for the last fiscal year, and' the amount of that which was furnished by the Sabine Tram 2956 Company, and the different interests? Mr. Walden: Yes, sir.

Examiner Burchmore: Have you any examination, Judge Cowan?

Mr. Cowan: No.

Mr. Sugar: What is the character of the roadbed of the Sabine & Northern?

Mr. Walden: We have a good roadbed.

Mr. Sugar: What kind of rails have you? Mr. Walden: 50 pound and 35 pound; the majority of the steel

is 50 pound.

Mr. Sugar: Has the road any buildings at Blewett?

Mr. Walden: Yes, sir; that is where we get what tonnage we do outside of that furnished by the Sabine Tram Company. At Blewett, Juanita, and possibly some little delivered to us at Smyth Junction.

Mr. Sugar: Does the Sabine & Northern have any interest in the

depot at Smyth Junction?

Mr. Walden: It owns a half interest; that is to say, the Sabine & Northern furnished the lumber, the Kansas City Southern people built the depot—I will put it this way: The Sabine Tram Company

originally furnished that, and of course in taking over the 2957 rights, the Sabine & Northern acquired whatever rights they

had in that depot.

Mr. Sugar: Does the Sabine & Northern have an agent at Blewett?

Mr. Walden: Yes, sir.

Mr. Sugar: Has it an agent at Smyth Junction?

Mr. Walden: Yes, sir; the agent of the Kansas City Southern at Smyth Junction is a joint agent of the Kansas City Southern and the Sabine & Northern Railroad.

Mr. Sugar: Does the Sabine & Northern pay part of his salary?

Mr. Walden: Yes, sir. Mr. Sugar: How much?

Mr. Walden: The Sabine & Northern pays him \$20 a month for handling its business at that point.

Mr. Sugar: You have filed regular tariffs, both with the State

and Interstate Commissions?

Mr. Walden: Yes, sir; we have filed all the classes and commodity tariffs with the State of Louisiana, and we have filed tariffs and concurrences with the Interstate Commerce Commission.

Mr. Sugar: Do you fully comply with all the requirements of the State of Louisiana and the State of Texas and the

United States?

Mr. Walden: So far as we know, we do.

Mr. Sugar: With regard to safety appliances and other require-

ments?

Mr. Walden: Quite a number of our cars are fitted up with air, so there is a sufficient number of cars in each train with which to handle it. The locomotive has been equipped with an electric headlight, and the ash pan required by the Commission. Of course it is equipped with air to handle the cars with.

Mr. Sugar: Does the bulk of the shipments from the two mills go to points where the Sabine & Northern has allowances, or to points

where the road has no allowances?

Mr. Walden: I would say the bulk of the business goes to the places where the Sabine & Northern has no allowances.

Examiner Burchmore: What is the significance of that?

Mr. Sugar: That is in line with a number of questions asked by Commissioner Harlan, I think, and the attorneys for the intervening roads, and it is to meet that, whatever force there may be in the original proposition.

Examiner Burchmore: What earnings do you get on such

2959 traffic where there is no division?

Mr. Walden: In the case of shipments from Deweyville

we get \$5.25 per car that we filed the tariff to cover the handling of logs from Blewett to Deweyville, and from the shipments that move from Juanita we get \$1.75 per car.

Examiner Burchmore: But you do not get anything on the

lumber?

Mr. Walden: We do not get any division on the lumber, unless it goes to a point where we get a division, as I explained in the beginning, in the event the finished product goes to a point where we have a division the cost of bringing in those cars is refunded on the basis of four cars of logs to one of lumber.

Mr. Sugar: In quoting prices of lumber to a possible customer.

are the allowances made any feature of your quotation?

Mr. Walden: No, sir, I do not see that it could, or else most of our shipments would go to where we get divisions, as a matter of fact.

Mr. Sugar: Is it not a fact that established saw mills like those of the Sabine Tram Company have regular customers just like

the butcher or grocer or any other trade?

2960 Mr. Walden: It is a fact that all saw mills, I presume—at least we do—we have customers who have been buying lumber from the Sabine Tram Company and in some instances most of their lumber for years.

Mr. Sugar: Is it not a fact also that in later years a great deal of lumber is sold in answer to offers made by interior brokers?

Mr. Walden: Repeat that question.

(Question read.)

Mr. Walden: Yes, sir.

Mr. Sugar: He offering you so much for such and such a class

of lumber if you care to accept it?

Mr. Walden: Yes, sir. That is the system under which a great deal of lumber is sold that commission men at various large centers go around and solicit business, and they actually take orders and undertake to get that lumber from any source from which it can be had. They will probably write half a dozen institutions that they hold an order calling for such and such quality of lumber, for which they can pay such and such a price, and the mills accept it or not, as they choose. A great deal of lumber is sold that way.

Mr. Sugar: How much timber; that is, in acres, is owned 2961 by the Sabine Tram Company that is tributary to the Sabine

& Northern Road?

Mr. Walden: Well, in Louisiana & Sabine Tram Company has something like 22,000 or 23,000 acres cut and uncut timber; in Texas it has something like 60,000 acres cut and uncut. In Louisiana adjoining the Sabine Tram Company's holdings are very large tracts of land, some in the hands of people who will manufacture it themselves, some on the market for anyone who will pay the price to get it. I do not know just how many acres there are. I know of one institution which has 35,000 to 40,000 acres abutting up against us, and there are others who have small quantities, more or less.

Mr. Sugar: But you say the Sabine Tram Company has 22,000 acres cut and uncut. How much is uncut?

Mr. Walden: There are only eight or ten thousand acres uncut.

I do not recall just how much there is of it.

Mr. Sugar: Approximately how much other land is there uncut and tributary to the Sabine & Northern which is owned by other people?

Mr. Walden: That runs into a great many thousand acres. There is one body of land that everybody knows about, belonging to the William M. Rice Institution, of 36,000 acres, joining up

2962 to us.

Mr. Sugar: That is all within easy reach of the Sabine &

Northern?

Mr. Walden: I say their property adjoins the Sabine Tram Company's property there, and would be adjacent to the Sabine & Northern, and they have a good many thousands of acres over on the Watkins & Gulf, which would not. The Houston Oil Company owns some land there; I do not know whether they will manufacture it or not. The Lutcher & Moore Company own a very large body, and I suppose they will manufacture it.

Mr. Sugar: Going back to the Juanita mill; its lumber ship-

ments are delivered to the Kansas City Southern at Juanita?

Mr. Walden: Yes, sir; the finished product.

Mr. Sugar: Could you deliver that lumber by the Sabine &

Northern to another point?

Mr. Walden: The Sabine & Northern could take that lumber and deliver it to the Kansas City Southern at Smyth Junction, between four and five miles below Juanita.

four and five miles below Juanita.

Mr. Sugar: That is to say, the Sabine & Northern tracks practically parallel the Kansas City Southern between Smyth Junction

and Juanita?

2963 Mr. Walden: Not exactly parallel them, but the Sabine & Northern goes in a southwesterly direction to Smyth Junction and then turns east, but it kind of forms a triangle. The Sabine & Northern could take the lumber at Juanita and deliver it at Smyth Junction.

Mr. Sugar: You are also in a position to deliver the product of

the Deweyville mill at Ruliffe instead of at Deweyville?

Mr. Walden: Certainly; the Sabine & Northern engines and trains go into Deweyville and out from it.

Mr. Sugar: Why is it that some of the product of the Deweyville

mill is not given to the Frisco road?

Mr. Walden: The Frisco Railroad has, as you know, a trackage right only, the same as the Sabine & Northern, over the Kansas City Southern, between De Quincy and Beaumont, and that trackage right bars the Frisco from taking either freight or passengers between De Quincy and Beaumont, except at a little place called Maurice, on the New Orleans & Northwestern, which is part of the Frisco system.

Mr. Sugar: In that respect it is tied somewhat like the Sabine &

Northern ?

Mr. Walden: Yes, sir; we tried to deliver some lumber to the Frisco, and they would not receive it because they said it would be in violation of their contract.

Mr. Sugar: I believe you said that you had an agent at Blewett?

Mr. Walden: Yes, sir.

Mr. Sugar: What duties does he perform for the Sabine & Northern?

Mr. Walden: He makes out the bills of lading and way bills and looks after the business.

Mr. Sugar: Are the logs way billed from there?

Mr. Walden: Everything that goes from there is way billed.
Mr. Sugar: Now, Mr. Walden, when was the Sabine & Northern incorporated?

Mr. Walden: The date of the charter was January, 1905; I

believe they put it of record February, 1906.

Mr. Sugar: Why did the Sabine & Northern incorporate?

Mr. Walden: We incorporated because the traffic department of the Kansas City Southern advised us that it was the opinion of their legal department that they could not pay divisions under the ruling of the Interstate Commerce Commission in that Central Yellow Pine Association case unless the roads were legally incorporated

as common carriers, and in order to get these divisions we

2965 incorporated.

Mr. Sugar: Did that cause any change in the original plans of the people in control of the road?

Mr. Walden: Repeat the question.

(Question read.)

Mr. Sugar: Did you decide to build a railroad or run the same

old logging road?

Mr. Walden: We decided to incorporate and in fact in our articles of incorporation we stated that we were incorporating for the purpose of extending the line to Marysville, Louisiana, which is a point some twelve miles beyond Blewett.

Mr. Sugar: Was that merely an assertion, or is there something

back of it?

Mr. Walden: We meant to make an extension; there was a good deal of tonnage over there, and at the time the charter was taken, we intended to make that extension.

Mr. Sugar: Marysville is a good sized country town, is it not?

Mr. Walden: About 3,000 people. Mr. Sugar: Some big mills there?

Mr. Walden: There is one big mill and two or three small mills, several stores, and quite a little tonnage produced there.

2966 Mr. Sugar: Why did not the road go on with the construction?

Mr. Walden: We have not felt like spending any more money on a railroad enterprise until we knew just where we stood.

Mr. Sugar: You refer to the present troubles?

Mr. Walden: Well, I refer to the present troubles, and the anticipation of the present trouble. This has been a question for some

time, as to whether a tap line was a railroad and entitled to divisions, and naturally until that proposition was settled, I assume most people do not care to put in any more money in the road than they did have in; at least we would not.

Mr. Sugar: Was the trackage contract between the Sabine Tram Company and the Texarkana & Fort Smith and the Kansas City Southern made before or after the Deweyville mill was

built?

2967 Mr. Walden: It was made after the Deweyville mill was

Mr. Sugar: Was the line from Juanita Junction to Juanita built

before or after this trackage contract?

Mr. Walden: It was built afterwards, because we did not own that Juanita plant at the time that trackage contract was made. We purchased that afterwards.

Mr. Sugar: What length of spur tracks or mill tracks has the

mill company that act as feeders to the railroad at Blewett?

Mr. Walden: About 16 miles.

Mr. Sugar: Do the road engines of the Sabine & Northern go on those tracks?

Mr. Walden: No, the Sabine Tram Company has its own locomotives.

Mr. Sugar: Who assembles the cars at Blewett?

Mr. Walden: The Sabine Tram Company.

Mr. Sugar: Then the railroad company takes them up there?
Mr. Walden: The railroad company distributes them, from the

time it reaches the Sabine & Northern.

Mr. Sugar: Who estimates the value of the track, the State Board, or who?

2968 Mr. Walden: We render the amount of property we have and the State Board as I understand puts a valuation on it.

Mr. Sugar: That is the Board of Appraisers of Railroad, Telegraph & Telephone Lines?

Mr. Walden: Yes, sir.

Mr. Sugar: Now, the Sabine Tram Company is a Texas corporation?

Mr. Walden: A Texas corporation; yes, sir.

Mr. Sugar: And the Sabine & Northern Railway Company is a Louisiana corporation?

Mr. Walden: Yes, sir.

Mr. Sugar: The Sabine Tram Company has scales at Deweyville, has it not?

Mr. Walden: The Sabine Tram Company and the Kansas City Southern put in a joint scales at Deweyville, a modern 100-ton scale which under the leased rights transferred to the Sabine & Northern, is now a part of the Sabine & Northern, instead of the Sabine Tram Company's equipment.

Mr. Sugar: The thought had occurred to me and it seems to be very material here to ascertain something about the weight of logs,

and I believe we might have that test made. Womin that

2969 be very expensive or inconvenient?

Mr. Walden: No, sir, we can put carloads on and weight the loaded car and the empty car and scale it up; it would be some little expense but not enough to amount to anything. I will say this, however, that that weight would be approximately correct but the weight of timber varies according to the kind of timber it is and whether it is pithy timber or not.

Mr. Sugar: It should be made with a carload of small logs and

a carload of average sized logs-

Examiner Burchmore: Let us not go into the question of the weight of logs. If you wish to make it you may and advise us about the result of it, but we have already in the record enough as to the weight of logs and the principle which controls the weights.

Mr. Sugar: I was not going to ask any questions about it. Is

there anything else you wish to state at this point?

Mr. Walden: No, sir; not that I know of.

Mr. Cowan: What is timber land worth in the locality of your mill?

Mr. Walden: That is hard to say, Judge Cowan, it is held 2970 at a better price than the manufacturer can get out of it usday. The price of timber land will vary.

Mr. Cowan: You are there and you know something about it. You can say it is worth so much to so much, without attempt to

quibble.

Mr. Walden: I am not attempting to quibble. There is no necessity. The value of the timber is good or not according to the ability of the man to hold it. I should say it is \$70 an acre, and another man might say more than that.

Mr. Cowan: From \$60 to \$70.

Mr. Walden: Yes, sir, according to the size of the timber and its nearness to market.

Mr. Cowan: Measured by stumpage estimate what is it worsh."
Mr. Walden: Some manufacturers put it in at \$3.50, some \$4,
and some \$5. That illustrates the stumpage value just about like

Mr. Cowan: What do you mean by putting it in carrying it in

their capital account?

Mr. Walden: In their account, but \$3.50 to \$5 a thousand, being

worth that much.

Mr. Cowan: You do not mean that there is a difference in the stumpage value of the timber but there is a difference in what the man estimates it to be worth?

Mr. Walden: That is a matter of bookkeeping ves. sir.

Mr. Cowan: And it depends upon what he can manufacture it at and get out of it?

Mr. Walden: It should.

Mr. Cowan: And it depends upon what it costs him to carry it in the stump for a period of years?

Mr. Walden: A great many of them do not even take that into consideration. Some of them figure that they bought timber change wars ago and instead of incurring the present market value of it or what they could bey it for they have it more on what they purchased it at a number of cones are. There are no set rules with ref-

some to the value of summer or the value of timber.

Wir Cown Considering the present situation what in your opinion is the fair and resonante marker value in the stumpage per thousand test of times in this occasion.

Wir. Wasser If you expect to give the manufacturer any profit out of it he could not not never much over \$5 to \$5.50 for the stumpage and get anything out of it when he not the cost of manu-

2872 Incluring and market to it, that is not opinion.

The Cowner That's wins, I am asking for, is your opinion. Now the amount he could get our of it depends upon the ultimate rest of nonnuiscourage to

Wir Waster The res to manufacture and selling it, of course he

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Mr. Cowner: I know but one of the main elements is the cost of logging his mill and manufacturing it?

Mr. Wanter Te be be per no no ner he mil.

Hir Course is the price of immuse based upon the rate of freight at a delivered price at the point of mill or at an i. o. b. price at the mill."

Mr. Wasset: It should be based on the I. o. b. bill price at the

Wr. Cowner: Is it's

We Waster As a matter of tar it seems to me the price of lumber today is based at about the how bad a man needs the money and whether he has go to run and pay the interest on his debts and so forth. There are a great many concerns selling lumber today that I am satisfies are selling at a less. We cannot make any money

out of it team and I to me mini. We are the cheapest per-

200 pe in the market

Framine Farenmers Do was mean the market is de-

Mr. Waiden Te st

We Cowse I am beating up to the price of lumber noisy depends on the price at winch the man is willing to market his fores."

Mr. Wainer Very harmore

Wir Cowair Now then the man who can log it the cheapest and get it to the point of sair the cheapest has the advantage in the profit to that extent?

Wir Wasser. Whe married a man who manufactures the

E.

Wir Coware. You have the gendleman restilly today for some lumber company. I torget the name, but who was on the stand this morning. He gas a center of a sunt a hundred rounds out of the life sent rate of his lambs as a division which goes to the mill company that owns the party of company. Now you get how much?

Mr. Watten. We see a man recommend bounds where it

goes to a place where we get divisions. When it goes to a place where we do not get any divisions the railroad then has to fall back for its revenue to the \$5.25 per car delivered at Deweyville and \$1.75 delivered at Juanita.

Mr. Cowan: Which the lumber company has to pay?

Mr. Walden: Which the lumber company has to pay the railroad company.

Mr. Cowan: Don't you know you are working at a disadvantage

as against the man who gets the higher division?

Mr. Walden: If our railroad got as good divisions as the other man certainly the railroad company would be benefited that much. If they get a greater division than we do, the road ought to make more money than ours.

Mr. Cowan: In your opinion ought not everybody who is manufacturing and logging their forests by railroad, whether they are common carriers or not, to have equal opportunities in the market?

Mr. Walden: I guess I am dense; I don't seem to understand what

your meaning is.

Mr. Cowan: You have in Texas a logging road that is not recognized as a common carrier by the state laws.

Mr. Walden: No, we have no logging road in Texas. 2975

Mr. Cowan: You have some railroad there?

Mr. Walden: Except the Sabine Tram Company has no road except that 2 miles between Blewett and Deweyville, in Texas.

Mr. Cowan: And you get nothing out of that?

Mr. Walden: That is leased to the Sabine & Northern, and of course it gets part of the benefit of whatever the Sabine & Northern Railroad gets.

Mr. Cowan: Do you not get any division on state business?

Mr. Walden: We get some divisions in Texas.

Mr. Cowan: On state business?

Mr. Walden: Yes, sir.

Examiner Burchmore: That is all interstate business, is it not? Mr. Walden: Yes, it is based on interstate business.

Mr. Cowan: Well, at all events pass that for the moment. My question need not depend on that. Take a railroad in Texas which does not get any division, operating similarly to what yours does in Louisiana, where do you get a division, do you think it is an equal

opportunity for one of you to get the freight rate back and

2976 the other not?

Mr. Walden: They are not operating under the same conditions as I understand it. Your question as I gather your meaning is should a tap line that holds itself out as a common carrier get divisions as compared with a tram line that does not hold itself out as a common carrier. Is that the idea?

Mr. Cowan: I am asking you whether as a question of business economy in the manufacture of lumber they are on an equality

where one gets a division and the other does not?

Mr. Walden: The manufacturers of lumber are on an equality. The rate is the same.

Mr. Cowan: Well, I will not discuss it with you.

Examiner Burchmore: What is the largest division you get on lumber?

Mr. Walden: 3 cents per hundred pounds.

Examiner Burchmore: Suppose they should raise that rate tomorrow to 5 cents per hundred pounds on lumber, is it not an actual fact that the lumber company would be able to sell its lumber at

a little bit better advantage in competition with of its competi-

2977 tors than it is today?

Mr. Walden: It could not do it, no.

Examiner Burchmore: Is it not a fact it would feel free to sell

the lumber at a little less?

Mr. Walden: I do not know why they should. As a matter of fact the lumber company ought to get the market value of stuff. It can get no more. As an illustration, take Mr. Frary, of the Lutcher Moore Lumber Company, he knows what his material is worth and the Sabine Tram Company ought to get as much as the Lutcher Moore Company, and the Lutcher Moore Company ought to get as much as the Sabine Tram Company.

Examiner Burchmore: Suppose this railroad wanted some material of some kind for use along its line, the lumber company would not hesitate to sell the railroad at actual cost, would it, if it

was desired and could not pay any more?

Mr. Walden: Well, we charge the Sabine & Northern Railroad for the material we sell them, the same as we do anybody else; we do not sell it to them any cheaper because they happen to be closely allied with our company.

Examiner Burchmore: You wholly disregard the fact of the close alliance of the two companies when it comes to selling them

2978 the lumber?

Mr. Walden: In fact I can say that because as I said to Mr. Sugar, if we regarded that as a factor very strongly the majority of our lumber would go to points where we get divisions instead of the majority going where we do not get divisions, as it is. We try to market our lumber where we can get the most money.

Examiner Burchmore: I believe we have got a good deal into the record, about all the witness will state on the matter of divisions.

Examiner Gutheim: Take a car which you get a three cent division on, suppose it is a 50,000 pound car, the railroad gets \$15 division?

Mr. Walden: Yes. sir.

Examiner Gutheim: On the strength of that the railroad rebates to the lumber company \$5.25 charge on 4 carloads of logs?

Mr. Walden: Yes, sir.

Examiner Gutheim: Now the expense that the Sabine Tram Company is put to in the logging, that is \$5.25 a car, is one of the elements that goes into the cost of the lumber?

Mr. Walden: Yes, sir.

2979 Examiner Gutheim. So when you rebate \$5.25 on the cost of the lumber so far as that particular car goes you have got — \$15 to the railroad?

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Mr. Walden: Yes, sir.

Examiner Gutheim: The lumber company has got back \$21?

Mr. Walden: Yes, sir.

Examiner Gutheim: Out of 4 cars of logs you brought out, how many feet of lumber will you make?

Mr. Walden: I do not know.

Examiner Gutheim: Well, about how much?

Mr. Walden: There ought to be, I would say, in the neighbor-

hood of 25,000 feet.

Examiner Gutheim: 25,000 Feet, and you have got about \$21 that you did not have to pay for logging, that you might have to pay on some other car, so you get practically \$1 advantage on that lumber on account of the fact you did not have to pay for the logging.

Mr. Walden: You mean the lumber company gets the advantage?

Examiner Gutheim: Yes.

Mr. Walden: It gets some advantage.

Examiner Gutheim: It gets about \$1. It gets 25,000 feet at \$21 rebate.

Mr. Walden: Take the other end of it-

Examiner Gutheim: Take this end first. You get about \$1.

Mr. Walden: I think it would be about that.

Examiner Gutheim: So that you get a division at a lower price by \$1 a thousand than you are getting on a car that you do not get a division on, and if you get no division at all you would be losing a dollar a car as against the fellow who did not get divisions?

Mr. Walden: I would like to make this explanation also. You have taken the proposition where we get \$5.25, where the railroad

company refunds \$5.25 to the lumber company.

Examiner Gutheim: That is also true of the case of the Deweyville mill.

Mr. Walden: How about the other end, at Juanita, where the rail-road company gets a divison there but only refunds \$1.75 a car.

Examiner Gutheim: The same principle applies, not to such an extent.

Mr. Walden: We figure it would equalize the two.

Examiner Gutheim: Your explanation goes not to the principle, but to the amount of the advantage. You say at another mill you are advantaged to the extent of \$1.75 while in the first you are to the extent of \$5.25.

Mr. Walden: Please state that again.

(Question read.)

Examiner Burchmore: Your last explanation amounted to this, that while it is true, that as was apparently brought out by this line of questions which has just been pursued, at one mill you are receiving the advantage of these divisions in that you get a refund of your logging expense of \$5.75—

Mr. Walden: Where we get divisions.

Examiner Burchmore: Yes, sir; while at the other mill you only get a refund of \$1.75.

Mr. Walden: Yes, sir.

Examiner Burchmore: This explanation is in all cases you do not get \$5.25 but in some only \$1.75, you simply get to the extent of the advantage, the principle is the same.

Mr. Walden: We get back a greater amount on the Deweyville shipment than at the Juanita shipment because the haul is consider-

ably greater and the expense of delivery is greater.

2982 Examiner Burchmore: Is there any further explanation

you care to make?

Mr. Walden: No explanation, except that we undertook to handle this proposition on the basis of a milling in transit, and the railroads in Texas at one time under the ruling of the Commission allowed a refund of 4 cars of logs to 1 car of lumber on the finished product. and we undertook in filing this tariff to state it somewhat similar to the way the other lines had handled it. Now, as regards to the difference between the amount refunded on the shipment that went to Deweyville and Juanita we could not equalize that so that the expense would be the same and the lumber company would get the benefit of the same return. We simply based that proposition where we got a division on granting back to Juanita what the Sabine Tram Company had to pay on the cars from Blewett up to Juanita, which was \$1.75 per car, and the logs that went to Deweyville, Texas, some 37 miles as compared with a 5 mile haul or approximately that, the cost down there was \$5.25, and on the same basis that the Sabine & Northern refunded \$1.75 on the Juanita shipment they refunded what was paid, \$5.25 on the Deweyville

shipment. Now, as to whether the lumber company benefits 2983 or does not by that transaction, of course is a matter of

figures.

Examiner Burchmore: I guess perhaps we are getting into the realm of argument an-way.

Mr. Walden: I did not mean to.

Examiner Burchmore: Well, we all have.

Mr. Cowan: I started in upon the price of timber land. The ownership of the saw mill and the railroad in this case is the same in the timber land?

Mr. Walden: Yes, sir.

Mr. Cowan: Lutcher-Moore are in the same fix, are they not?
Mr. Walden: No, sir; Lutcher-Moore have no railroad or make no pretence, they are not incorporated as a common carrier.

Mr. Cowan: They have a great deal better railroad than you

have.

Mr. Walden: I don't know about that,

Mr. Cowan: Don't you know they have a great deal better railroad than you have and more expensive?

Mr. Walden: No, I do not know that. Mr. Cowan: Have you seen it?

2984 Mr. Walden: No.

Mr. Cowan: Don't you know the saw mill cannot operate an extensive plant without a railroad to operate it with?

Mr. Walden: Yes, sir; they can. Mr. Cowan: Who is doing that? Mr. Walden: Lutcher-Moore. Mr. Cowan: Not got a railroad?

Mr. Walden: They say not; it is not incorporated. They call it a tram line.

Mr. Cowan: I am not quibbling about that part of it, but you

know they operate a railroad and haul logs to the mill.

Mr. Walden: They either have to operate a railroad or a tram line

or have some method of getting the lumber to the mill.

Mr. Cowan: It is laid on rails of as good quality as yours, on ties and graded road to haul the stuff up to the mill the same as you do?

Mr. Walden: I expect so. Mr. Cowan: You know so.

Mr. Walden: Well, I don't think they haul it to the mill but dump it off in the river.

2985 Mr. Cowan: When they log their forest they have to be at the expense of logging?

Mr. Walden: Yes, sir.
Mr. Cowan: And the railroad company that takes the lumber out does not pay them anything back for it, and in your case they do. Will you say that you do not enjoy an advantage as compared to them in such a case?

Mr. Walden: Yes, sir; because I assume obligations that they do

not assume at all.

Mr. Cowan: I understood counsel to say that the reason you incorporated was because the legal department of the Kansas City Southern, though you would incorporate, said you could not get divisions unless you did?

Mr. Walden: Yes, sir.

Mr. Cowan: Did you perform any different service after you incorporated from what you did before, so far as your lumber company is concerned?

Mr. Walden: The arrangement was a little bit different ves. sir. Mr. Cowan: That is a paper arrangement, but I am talking about the service. Did you perform any different physical service

to the saw mill than you did the day before?

Mr. Walden: The lumber was handled and delivered over the tracks in approximately the same way except we continue the Sabine & Northern end of it to the Sabine & Northern road and let the tram line confine itself to bringing them up to the Sabine & Northern road.

Mr. Cowan: The service is practically the same, the same engines, same crews, over the same railroad, to the same saw mill, and the

same kind of tumber.

Mr. Walden: I think we have acquired some engines since. Mr. Cowan: But that is in the progress of your business.

Examiner Burchmore: I understood the witness substantially admitted that but made a further statement in his own behalf that this railroad had undertaken these duties and liabilities and now held itself to the public as a common carrier and he thought that changed the situation.

Mr. Walden: That is it exactly.

Examiner Purchmore. That is a question of law, is it not?

Mr. Cowan: It may be a question of fact as to what he actually did. I am not inquiring what he proposed to do but what he actually did. My question was if the service was not the service, and he answered it was. Now, for whom did you perform service the day after you incorporated that you did not the day before?

Mr. Walden: I could not answer that. We may not have per-

formed any service the day after we incorporated.

Mr. Cowan: Well the months afterward. The following month after you incorporated what was the different service?

Mr. Walden: We performed service for anybody who wanted

our service after we incorporated. We did not do that before. Mr. Cowan: But for whom did you do it afterwards that you did net do it for before?

Mr. Walden Different people who went there that wanted to ship

anything.

Mr. Cowan: No, now for whom did you do it? Mr. Walden: I don't know, I could not say here.

Mr. Cowan: And you put in your charter that you were going to build to some place that you did not build?

Mr. Walden: The charter was to that effect, yes, sir.

2988 Mr. Cowan: And you have not built there?

Mr. Walden: No.

Mr. Cowan: And are not going to?

Mr. Walden: I don't know about that, I am not willing to say that we will not. I will say, under present conditions we won't.

Mr. Cowan: The foundation of it all was to get divisions of the rates?

Mr. Walden: Yes, sir: I made that statement.

Examiner Burchmore: It seems to me I remember hearing a part in drafting a letter to your company not so very long ago in response to an inquiry you addressed to the Commission on a question of law.

Mr. Walden: A question of what?

Examiner Burchmore: The Interstate Commerce law.

Mr. Walden: No, I would not remember it, unless I saw the correspondence.

Examiner Burchmore: I was trying to remember whether it was

your company or some one else.

Mr. Walden: I don't remember about it.

Mr. Garwood: When a tram road is laid down the company laying it can take it up whenever it gets ready?

2989 Mr. Walden: That is my understanding. In fact I know it, because we have had tram roads.

Mr. Garwood: When an incorporated railroad lays a track it is compelled to keep it there and operate it until the expiration of the time mentioned in its charter, is it not?

Mr. Walden: That is my understanding.

Mr. Garwood: It cannot quit that business. It assumes the liabilities imposed by law and by statute during the full length of its corporate existence and it has no means of voluntarily relinquishing that liability?

Mr. Walden: That is my understanding.

Mr. Garwood: Is it not true that every question propounded both by counsel for the intervenors and the examiners in this case absolutely leaves out in their comparison of the advantageous situation of the incorporated and the unincorporated road all of the liabilities assumed by the common carrier and the coincident interest on the amount of money put into it.

Mr. Cowan: If you go into that that will lead to a long examina-

tion.

Examiner Burchmore: I think you are asking the witness to testify to matters of law.

Mr. Garwood: No. That last question is not.

Examiner Burchmore: And if you will recall, I think I said or

made some explanation a few moments ago-

Mr. Garwood: Your last question did, but this entire examination has been gone over and over and I would not have asked the question because I think it is largely a matter of law, but counsel has put that proposition in the record in nineteen different forms and I think——

Examiner Burchmore: I understand you object to that line of

questions? If so I will sustain the objection.

Mr. Garwood: I did not object because I did not want to delay the

proceeding.

Mr. Sugar: You were asked if the Lutcher & Moore people did not have a tram road equally as good as the Sabine & Northern, and if it was not an inequality for the Sabine & Northern to be allowed a division when the Lutcher Moore people were not allowed one.

Mr. Walden: Yes, sir.

Mr. Sugar: Now take another view of the matter. Say for instance that the Lutcher Moore people buy their timber land at 35 cents to \$1.25 an acre and the Sabine Tram Company bought its lands at from \$20 to \$40 an acre, would it not be an inequality to allow the Lutcher-Moore people to sell lumber at the same price and the Sabine Tram Company?

Mr. Walden: I would say they would have that much advantage and they do have; they bought their lumber lands much cheaper

than we did.

Examiner Burchmore: Let us not pursue that any farther.

Mr. Andrews: The Sabine Tram Company has a mill in Texas?

Mr. Walden: Yes, sir.

Mr. Andrews: How many miles of tram road in Texas?

Mr. Walden: None.

Mr. Andrews: How many miles of any sort of road has it in Texas?

Mr. Walden: It has that joint ownership contract with the Kansas City Southern and the Texarkana & Fort Smith between Deweyville and Ruliff, the track itself and the switches and so forth I imagine run out somewhere two and a half to three miles.

Mr. Andrews: That is a joint ownership constructed by whom?

2992 Mr. Walden: By the Sabine Tram Company many years ago. The Sabine Tram Company-

Mr. Andrews: When did the connecting line acquire an interest in it?

Mr. Walden: The Texarkana & Fort Smith?

Mr. Andrews: Yes.

Mr. Walden: I was just going to explain that.

Mr. Andrews: The date is all I care for, unless you want to talk

Mr. Walden: I think my explanation is necessary to make you understand. When they put that mill there in 1898 or 1899 the Sabine Tram Company furnished the right of way, made the grades, furnished the ties, and the Texarkana & Fort Smith furnished the steel and laid it, therefore it became a joint track.

Mr. Andrews: That track was built to serve the mill erected at what you call Deweyville?

Mr. Walden: Deweyville; yes, sir.

Mr. Andrews: Has the Sabine Tram Company any other railroad in Texas, either tram or otherwise?

Mr. Walden: No.

Mr. Andrews: That is all. Mr. Walden: Yes, sir.

2993

Mr. Andrews: And your interest in that track I understand you to say was leased to the Sabine & Northern?

Mr. Walden: Yes, sir.

Mr. Andrews: Does the Sabine & Northern or the Sabine Tram or anybody else get any division on any purely Taxes movement from that mill?

Mr. Walden: Not where it moves purely within the state.

Mr. Andrews: Do you make any reports to the Texas Railroad Commission?

Mr. Walden: No. sir.

Mr. Andrews: And you are not recognized by the Texas Railroad Commission so far as the Texas end of it is concerned in any sense at all?

Mr. Walden: No, sir.

Mr. Andrews: Is the track in Louisiana better or worse? Mr. Walden: Than the track in Texas?

Mr. Andrews: Yes.

Mr. Walden: About the same.

Mr. Andrews: About the same track?

Mr. Walden: Yes.

Mr. Andrews: How many miles are there in Louisiana? Mr. Walden: The Texas end of it I believe has a little 2994 heavier steel.

Mr. Andrews: How many miles have you in Louisiana?

Mr. Walden: 91/2 miles.

Mr. Andrews: And 3½ miles in Texas?

Mr. Walden: About—well I would say 3. I think 3 would probably cover it.

(Witness excused.)

Examiner Burchmore: The Blytheville, Burdette & Mississippi River Railway.

Mr. Walter: I would like a continuance of the following cases until the next hearing: The Arkansas Southeastern; North Louisiana & Gulf; the Trinity Valley & Northern and the Roman Southeastern.

Examiner Burchmore: We have left on the call 5 cases in addition to these just announced and it seems very possible to dispose of those cases this afternoon and with a short evening session, and counsel has suggested that that be done and those other four cases go over. Is there any objection to that course? How do you feel about that Judge Cowan?

Mr. Cowan: The court hears no objection. We have no ob-

2995 jection.

Examiner Burchmore: It will be understood that the hearing will be adjourned tonight, but it may be possible that one of those companies can be taken up.

Mr. Walter: We will be here and if you can reach any one of

them we will be ready.

Examiner Burchmore: If it seems possible we will do it. It was stated to me this noon that the president of the Timpson & Henderson Railroad in Texas, did not attend this hearing and was not present under some misapprehension as to the scope of the hearing, and his part in it. I do not understand how he can be under any misapprehension and I want to say further that an attorney who came to my office in Washington within a fortnight stated that he represented that company, and I think he was their regularly retained counsel, and asked with respect to this hearing down here, and the result of our talk was that I advised him that he or some other representative of that company must be here to look after its rights at this time, and I understood him to say that the general freight agent of that company would be here. I merely make this statement in order that the record may show that the Timpson & Hen-

2996 derson was referred to and they are not here. But, if, as a matter of fact they are under any misapprehension, it will be proper for them to make any such representation to the Commission as they wish to, and such request as they desire to proffer for a hearing at the next hearing. I cannot indicate however what

view the Commission will take of this matter.

The Tyrona & St. Francis Valley does not seem to be present and I understand their counsel has sent word indirectly that they did not desire a hearing. We will take up now the Blythesville, Burdette & Mississippi River. 2997

Blythesville, Burdette & Mississippi River.

M. B. Cooper, was called as a witness and having been duly sworn, testified as follows:

Examiner Burchmore: You are an officer of the Blythesville, Burdette & Mississippi River Railway?

Mr. Cooper: Yes, sir, secretary and treasurer.

Examiner Burchmore: You occupy the same position with the Three States Lumber Company?

Mr. Cooper: No, I am assistant secretary and treasurer of the

lumber company.

Examiner Burchmore: I understand this railway company is at least in a substantial sense controlled by the stockholders of the Three States Lumber Company?

Mr. Cooper: It, as a stockholder of the Three States Lumber Company owns as agent for the stockholders of that company a majority of the stock of the railroad company.

Examiner Burchmore: It is a sort of a trust holding?

Mr. Cooper: In a sense; yes, sir.

Examiner Burchmore: That is, the stock in the railroad is held in trust for the stockholders of the lumber company?

2998 Mr. Cooper: Yes, sir.

Examiner Burchmore: The officers of the two companies

are substantially identical?

Mr. Cooper: The president is the same, and the secretary and treasurer of the lumber company is vice-president and general manager of the railroad company; and my office in the lumber company is appointive, whereas in the railroad company it is secretary and treasurer which is elective.

Examiner Burchmore: This railroad as I understand it extends from a connection with the St. Louis & San Francisco Railroad, commonly known as the Frisco at Burdette Junction in what direc-

tion and for what distance?

Mr. Cooper: It extends about a mile and a half from Burdette Junction on the Frisco to Burdette and then about 5 miles in a southerly direction to the Misissippi River, about 5 miles in a westerly direction, and is now built about 2 miles in a northerly direction with a proposed extension of 7 miles north of Burdette to Blythesville, Arkansas.

Examiner Burchmore: Is there any grading done on that ex-

tension?

Mr. Cooper: That extension is practically all graded except a small gap of possibly at this time less than a mile. We are 2999 now hauling on it.

Examiner Burchmore: And the actual construction of the

road has been interrupted for some reason?

Mr. Cooper: Well, last winter it was interrupted by the winter rains and it was not completed, and will be completed this fall, if the weather permits. We are in a bottom country and depend a

great deal upon the season we have.

Examiner Burchmore: Then as I understand it, from Burdette the railroad branches out in several directions, running south to the Mississippi, east to a connection with the Frisco and west to Halls Will and Wagoner.

Mr. Cooper: Yes, sir.

Examiner Burchmore: Where is the lumber mill of the Three States Lumber Company located with reference to the line of this railroad?

Mr. Cooper: In Burdette.

Examiner Burchmore: It is at Burdette?

Mr. Cooper: Yes, sir.

Examiner Burchmore: But it is between Burdette City and the Frisco system?

Mr. Cooper: No, it is within the incorporated limits of 3000 Burdette.

Examiner Burchmore: How far is it from the right of way of the Frisco railroad?

Mr. Cooper: By rail it is about a mile and a half.

Exeminer Burchmore: As the crow flies about a quarter of a mile?

Mr. Cooper: No, three-quarters, or nearly a mile.

Examiner Burchmore: The Frisco has a long connecting spur

running part way to the mill?

Mr. Cooper: It in a sense is a joint track for three-quarters of a mile. The railroad company owns the right of way, ties and so forth, and the Frisco owns the rail only for three-quarters of a mile, of that distance.

Mr. Wilson: Now the balance of the distance.

Mr. Cooper: The balance of the distance to the lumber company's plant is owned by the Blythesville, Burdette & Mississippi River Railway Company?

Examiner Burchmore: That is about a quarter of a mile?

Mr. Cooper: Well, three-quarters by rail. I said the distance was about a mile and a half.

Examiner Burchmore: Are there any other mills on the line?

3001 Mr. Cooper: There is the Burdette Cooperage Company and Stave Manufacturing Plant and J. W. Smith, who manufactures scythe handles.

Examiner Burchmore: Is J. W. Smith a corporation?

Mr. Cooper: A person.

Examiner Burchmore: Is he any officer or stockholder of this lumber company?

Mr. Cooper: He has no interest whatever in the lumber company.

Examiner Burchmore: Does he buy any of his wood from the forests of this lumber company?

Mr. Cooper: He purchased a little from it last fall but is buying

most of his material from other parties who own timber along our road.

Examiner Burchmore: How about the Burdette Cooperage Com-

pany, the same question with respect to them?

Mr. Cooper: The Burdette Cooperage Company I will state, one stockholder of the Three States Lumber Company owns a portion of the stock of the Burdette Cooperage Company.

Examiner Burchmore: Is he a minority stockholder in both

companies?

Mr. Cooper: He is a minority stockholder in the Three States Lumber Company but a majority stockholder in the Cooperage Company.

Examiner Burchmore: Is the relationship between the

two companies a very friendly one?

Mr. Cooper: It is.

Examiner Burchmore: Does this cooperage company buy its stock

from the forests of the Three States Lumber Company?

Mr. Cooper: Practically all of its raw material comes from the lands of the Three States Lumber Company although they do buy timber from other parties along the road.

Examiner Burchmore: Now, that material, how does it get to

their mill, is it handled by this railroad company?

Mr. Cooper: It is handled by the Blythesville, Burdette & Mississippi Railway Company.

Examiner Burchmore: What do they charge for that, the regular

tariff rates?

Mr. Cooper: We have a local published tariff covering all commodities handled.

Examiner Burchmore: Is that the court tariff? You do not use the Arkansas tariff?

Mr. Cooper: The Arkansas distance tariff.

Examiner Burchmore: Yes.

3003 Mr. Cooper: Formerly we did, but within the last year we have got out a published local tariff of our own.

Examiner Burchmore: Do you file that with the Interstate Commerce Commission?

Mr. Cooper: One copy has been sent to the Interstate Commerce Commission, but I might file this with the record.

Examiner Burchmore: Does it bear an I. C. C. number?

Mr. Cooper: Yes, do you want this filed?

Examiner Burchmore: Never mind. When was the mill at Burdette opened for operation?

Mr. Cooper: In about 1900.

Examiner Burchmore: That is the first milling that was done there?

Mr. Cooper: Yes.

Examiner Burchmore: Was it at that time operated by this lum-

ber company?

Mr. Cooper: At that time it was operated under contract by A. B. Wolverton. The contract was of this nature. The lumber company put up the money for the timber lands and the plant and the

contractor was to produce that lumber for a certain amount per thousand and in the event—in the returns from his contract he

paid for the plant and the lands, they were to go to him at

3004 the completion of the contract.

Mr. Andrews: To whom?

Mr. Cooper: To Wolverton.

Mr. Andrews: The man who put up the money? Mr. Cooper: The man who took the product.

Examiner Burchmore: Who was the other party to the contract.

Mr. Cooper: The Three States Lumber Company.

Examiner Burchmore: Was this Three States Lumber Company an old corporation?

Mr. Cooper: It was.

Examiner Burchmore: They had owned down there a long time."

Mr. Cooper: This particular property they had not owned a long time, but other property they had owned.

Examiner Burchmore: How far away from this?

Mr. Cooper: Well, it was in another state at that time.

Examiner Burchmore: Then they bought these holdings down here and entered into a contract with Mr. Wolverton to do the work?

3005 Mr. Cooper: Yes, sir.

Mr. Wilson: I did not understand that the Three States Company bought the land at once, but Mr. Wolverton bought it.

Mr. Cooper: He bought it, but it was taken in the name of the Three States Lumber Company for security and they put up the money; it was simply a means of getting that lumber in a manufactured state without going into the detail of the operation themselves.

Examiner Burchmore: They farmed out the privilege of opera-

Mr. Cooper: Yes.

Mr. Andrews: I think I must misunderstand you. I understood you to say that Mr. Wolverton bought this entire proposition and deeded it to the Three States Lumber Company and the Three States Lumber Company advanced the money with with the understanding that if he were to have anything left after the debt was paid, it was to go to Mr. Wolverton.

Mr. Cooper: You have it reversed just a little.

Mr. Andrews: I thought I could not understand and that is the reason I ask.

Mr. Cooper: The property was all taken in the name of the Three States Lumber Company and simultaneously a contract was made with Mr. Wolverton, the contractor

Mr. Andrews: Who was the purchaser, Mr. Wolverton, or the Three States Lumber Company?

Mr. Cooper: The Three States Lumber Company.

Mr. Andrews: Was the purchaser?

Mr. Cooper: Was the purchaser. Then they contracted the entire proposition to Wolverton. Wr. Wison The Francisco was morn and wou and I had it

Wir. Andrews I therene I doe not understand it, but that is the

TOW I WINDERSDOOD

Mr. Comer And in the event his contract was successful he was to be deeded the saw mil pours and the cut over lands at the com-DESTROY OF The CONTRACT

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not we filling a court of that contract"

Wr. Come: I think not

Examiner Burchnoore II not. I believe that will make it clear, But after all it is a decay of the case which may be of no importance.

Wr. Cooper I think moved a summmortant. It occurred belere the incorrection of the malread.

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Mr. Course It occurred series the incorporation of the railroad. Examiner Burchinson Series the suniding of the railroad?

Wit Coursest No.

Examiner Eurenmore You said the mil was opened in 1902?

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Examiner Burchmore When was the railroad first built, at the same lime

Mr. Cooper: A portion of it from the Mississippi River to Burdette was built before the mill was built, as at that time the Frisco milroad had not extended their line through that country.

Examiner Burchmore You built down to the river?

Mr. Cooper We built from the river in in order to bring the BESTER II SE TREET THESE

Examiner Burelinson As an oragina proposition the railroad

was much to seem the multi-

-C1013;

Mr. Course I was said to serve the mill; ve, sir, Examiner Rureimore When was it incorporated?

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Examiner Revenues and me Three State Lumber Company OWING The Whole properties

Mr. Cooper The Three States Lamber Company owned the whole MINDSONIE .

Examiner Burchinere I rese that is minuterial, then

Mr. Andrews: And Mr. Wolverton has now ceased to be the residuary legatee?

Mr. Cooper: Yes, sir; but it occurred before the incorpora-

3009 tion of the railroad.

Mr. Andrews: It seems to me it is unimportant.

Examiner Burchmore: In our zeal to get at the facts we went off on a tangent. Now the railroad corporation was formed in 1906? Mr. Cooper: Yes, sir.

Examiner Burchmore: Were joint rates and divisions thereunder

established immediately upon the incorporation?

Mr. Cooper: Within a few months afterwards.

Examiner Burchmore: What was the original capitalization of this corporation?

Mr. Cooper: Of the railroad? Examiner Burchmore: Yes.

Mr. Cooper: The original capitalization was \$240,000.

Examiner Burchmore: Was that all issued?

Mr. Cooper: No.

Examiner Burchmore: How much was issued?

Mr. Cooper: \$140,000 issued.

Examiner Burchmore: Now, has any been issued since? Mr. Wilson: May I save a little time by interjecting?

Examiner Burchmore: Yes.

Mr. Wilson: You mean stock and bonds?

3010 Mr. Cooper: He did not ask me about bonds. There was issued practically at the same time \$140,000 of stock and \$100,000 of bonds.

Examiner Burchmore: Was one given as a bonus for the other?

Mr. Coop-r: No, it would not be considered so. The lumber company received for the road \$100,000 in stock and \$100,000 in bonds.

Examiner Burchmore: And took it right over in exchange for the

road?

Mr. Cooper: Took it right over in Exchange for the road and \$40,000 was disposed of outside.

Examiner Burchmore: \$40,000 in stock?

Mr. Cooper: In stock.

Examiner Burchmore: Who took that?

 Mr. Cooper: Mostly some of the stockholders of the lumber company individually and a few minor holdings by other parties.

Examiner Burchmore: That stock was subsequently bought up?

Mr. Cooper: It is, you might say, held as qualifying stock mostly.

3011 Examiner Burchmore: \$40,000?

Mr. Cooper: Yes, sir.

Examiner Burchmore: It takes \$40,000 to qualify these directors?
Mr. Cooper: Well, the \$40,000 was issued to different parties, but
the Three States Lumber Company paid for practically all of it and
held the stock in trust.

Examiner Burchmore: There is some state law that requires resident stockholders or something of that kind?

Mr. Cooper: Yes, sir.

Examiner Burchmore: At that time how much of this railroad

was in operation?

Mr. Cooper: The line from Wolverton to Burdette, which is 5 miles; the line from Burdette to Burdette Junction, a mile and a half, and two branch lines running west each of which is practically 10 miles, I believe.

Examiner Burchmore: Then pretty nearly all the present line

was in operation with exception of the northern extension?

Mr. Cooper: Yes, sir.

Examiner Burchmore: How much railroad has been constructed

since that time?

3012 Mr. Cooper: We have the steel laid on practically 2 miles of the Blythesville extension and nearly all of the dump built for the entire extension of 7 miles.

Examiner Burchmore: How have you paid for those extensions,

wherever you obtained the money?

Mr. Cooper: A portion of it, of course came from the \$14,000 additional stock issued and I think we show a deficit which represents an open account with the Three States Lumber Company.

Examiner Burchmore: What is the amount of that deficit? Mr. Cooper: I think it is about \$16,000.

Examiner Burchmore: Now you pay interest on that I presume? Mr. Cooper: Yes, sir.

Examiner Burchmore: 6 Per cent?

Mr. Cooper: Yes, sir.

Examiner Burchmore: Did you state what the main line mileage of this road is at the present time?

Mr. Cooper: There was practically twenty miles turned over by the lumber company to the railroad company.

Examiner Burchmore: Twenty miles?

Mr. Cooper: Yes, sir. That we do not consider as all main line however.

3013 Examiner Burchmore: Now on November 20th, 1909, here are some figures that purport to show the mileage as 7,20 miles of main line, 2.99 miles of siding, making 10.19 as a total. Was that inaccurate at that time?

Mr. Cooper: It must be. Possibly that is derived from the fact that we consider our main line will be from Wolverton straight north to Blythesville, and we had at that time about seven miles of that

constructed.

Examiner Burchmore: Then your 2,99 miles of siding I suppose was the line over to Burdette Junction?

Mr. Cooper: No, I suppose that was considered sidings, at the river and at Burdette.

Examiner Burchmore: Then I guess this report here is inaccurate, Mr. Cooper: It must be, if it really states that mileage.

Examiner Burchmore: Probably the Examiner asked you how long the main line was, and you told him seven miles and the sidings you told him 2 miles, and you did not mention the extension?

Mr. Cooper: Yes, sir.

Examiner Burchmore: I suppose your report is accurately stated?

3014 Mr. Cooper: Yes.

Examiner Burchmore: By the way, do you report to the Commission?

Mr. Cooper. Yes, sir. It was filed just after the first of December.

We received the blanks late, and did not get them up.

Examiner Burchmore: You did not file an annual report for the

preceding year?

Mr. Cooper: No, we did not. No annual report blanks were sent to us at that time. We had to ask to be put on the list so we could get the Interstate Commerce Commission literature.

Examiner Burchmore: Do you have any trackage rights?

Mr. Cooper: In what way?

Examiner Burchmore: Do you operate your trains over the rails of any other companies?

Mr. Cooper: We do not.

Examiner Burchmore: Are there any private logging tracks or train tracks belonging to the Three States Lumber Company connecting with your line?

Mr. Cooper: There are not. The railroad company owns

3015 all the tracks.

Examiner Burchmore: You run right into the woods?

Mr. Cooper: Yes, sir, although I might say that it is contemplated that hereafter there are some of the temporary spurs that will be constructed by the lumber company.

Examiner Burchmore: In the future?

Mr. Cooper: Yes, sir.

Examiner Burchmore: But not in the past?

Mr. Cooper: But not in the past.

Examiner Burchmore: What is the weight of the rail?

Mr. Cooper: We have some 35 pound steel and some 56 pound steel.

Examiner Burchmore: Is your line well built?

Mr. Cooper: There is practically 14 or 15 miles of our line that is put up with a good dump and that dump sand ballasted.

Examiner Burchmore: Well built? Mr. Cooper: Well built, yes, sir.

Examiner Burchmore: And the rest of your line?

Mr. Cooper: Some of the western line is not, as it is more or less temporary.

Examiner Burchmore: Have you any station buildings?

Mr. Cooper: We have a station building at the river landing where we receive freight from the boat connection.

Examiner Burchmore: You interchange freight with steamboat?

Mr. Cooper: Yes, sir.

Examiner Burchmore: Do you handle in that way traffic which has come up and down the river?

Mr. Cooper: Yes, sir.

Examiner Burchmore: Do you get any traffic from Memphis or New Orleans, for example? Mr. Cooper: We do from Memphis and St. Louis principally. Examiner Burchmore: Have you any platforms for freight or

warehouses any place other than at the river?

Mr. Cooper: We have, as I say, at the river terminal, a warehouse and platform at Burdette, and sidings at other points for receiving freight.

Examiner Burchmore: But you have not any storehouses else-

where than at the river and at Burdette for package freight?

Mr. Cooper: We have not.

Examiner Burchmore: How many locomotives have you?

Mr. Cooper: Four.

3017 Examiner Burchmore: You own all those locomotives?
Mr. Cooper: We do.

Examiner Burchmore: You formerly owned five, did you not?

Mr. Cooper: One has been sold during the past year. Examiner Burchmore: To whom did you sell that?

Mr. Cooper: To some one up in Missouri, someone outside of our line.

Examiner Burchmore: Any passenger cars?

Mr. Cooper: We have not.

Examiner Burchmore: You have nine flat cars?

Mr. Cooper: 19 flat cars.

Examiner Burchmore: How many logging cars?

Mr. Cooper: We own no logging cars at the present time. We did own the logging cars but sold them to the lumber company.

Examiner Burchmore: So that the lumber company now cwns

all the logging cars?

Mr. Coeper: The lumber company now owns all the logging cars.

Examiner Burchmore: Does the lumber company own any locomotives?

Mr. Cooper: No.

3018 Examiner Burchmore: Has it any other cars?

Mr. Cooper: The lumber company?

Examiner Burchmore: Yes. Mr. Cooper: No. unless—

Examiner Burchmore: It has a loading crane?

Mr. Cooper: It has loading cars, camp cars, and skidders,

Examiner Burchmore: How long have you had those 19 flat cars?

Mr. Cooper: Most of them were purchased with the road.

Examiner Burchmore: Are those equipped with safety couplers, air brakes, and so forth?

Mr. Cooper: They are equipped with automatic couplers but not with air equipment, as we do not use them in interstate business.

Examiner Burchmore: You have some cars that are used in interstate business?

Mr. Cooper: No; we own no cars that go off our own line.

Examiner Burchmore: I know, but they handle freight which comes from or goes to interstate points?

Mr. Cooper: Well, in the way of - of course, all carload ship-

ments come in on foreign cars.

3019 Examiner Burchmore: Yes, but you have some package stuff which you get from steamboats?

Mr. Cooper: There is package stuff which may be considered interstate business, but it is always handled on one or two cars.

Examiner Burchmore: And those cars are equipped?

Mr. Cooper: Those cars are not, but the locomotive which handles

them is equipped.

Examiner Burchmore: I recommend that you ask your attorney to look at the safety appliance laws, and see if you are complying with them, in the event that you are subject to those laws?

Mr. Cooper: All right.

Examiner Burchmore: How many crews are engaged in maintaining the right of way of this road?

Mr. Cooper: It depends on the season. Sometimes one and sometimes two.

Examiner Burchmore: Any station agents?

Mr. Cooper: We have a joint agent at Burdette Junction.

Examiner Burchmore: You haven't any down at the river landing?

Mr. Cooper: No.

3020 Examiner Burchmore: Does your train conductor act as the receiver of freight in connection with the steamboat?

Mr. Cooper: You might consider it in that sense.

Examiner Burchmore: Or do they just leave the freight on the platform?

Mr. Cooper: They leave their freight in the warehouse at that

point.

Examiner Burchmore: How many clerks and other employees in

the general office of this railroad company?

Mr. Cooper: We practically have no clerks. The joint igent at Burdette attends to most of the business necessary at that point, and I do most of the work on the general office books.

Examiner Burchmore: Do you receive part of your pay from the

lumber company?

Mr. Cooper: From the lumber company?

Examiner Burchmore: Yes.

Mr. Cooper: I receive all my pay from the lumber company at present.

Examiner Burchmore: Is anybody paid by the railroad company in the general offices?

3021 Mr. Cooper: None.

Examiner Burchmore: Do any of its officers receive any salaries?

Mr. Cooper: No.

Examiner Burchmore: Do you run any passenger trains?

Mr. Cooper: No.

Examiner Burchmore: Solely freight service?

Mr. Cooper: Solely freight service?

Examiner Burchmore: You carry an occasional passenger on your freight train or engine?

Mr. Cooper: Well, if they want to get on and ride they are not put off, I guess.

Examiner Burchmore: How many trains a day do you run?
Mr. Cooper: When the plants located on our line are operating,
we usually have two trains each way a day.

Examiner Burchmore: That is between Burdette Junction and

Burdette?

Mr. Cooper: Well, on account of Burdette being in a sense the hub of the system, we operate out one train twice a day to the woods on our western line, and then we have an engine that performs the service between Burdette and Burdette Junction as occasion

3022 requires.

Examiner Burchmore: Then you run down to the river once in awhile?

Mr. Cooper: Yes, sir, when it is necessary. Examiner Burchmore: Regularly every day?

Mr. Cooper: No. sir.

Examiner Burchmore: Just to meet the steamboats?

Mr. Cooper: To meet the steamboats.

Examiner Burchmore: Do they notify you or do you meet certain steamboats?

Mr. Cooper: Certain steamboats regularly. We know the days they are due.

Éxaminer Burchmore: You do not carry any express matter, do you?

Mr. Cooper: We do not.

Examiner Burchmore: What is the total volume of your freight tonnage of all descriptions?

Mr. Cooper: This past year it was practically 15,000 tons. Examiner Burchmore: 15,000 tons of all kinds of freight?

Mr. Cooper: Of all kinds of freight.

Examiner Burchmore: That is a falling off from the preceding year?

3023 Mr. Cooper: It is.

Examiner Burchmore: As I have the figures for the year 1909, ending June 30th, you had 7,834 cars. Is that right?

Mr. Cooper: I think we made a report of that kind to your examiner.

Examiner Burchmore: And your revenue from that traffic was \$25,075,13?

Mr. Cooper: Yes.

Examiner Burchmore: What was your revenue this year, do you remember?

Mr. Cooper: About \$6,000.

Examiner Burchmore: What is the trouble?

Mr. Cooper: The Three States Lumber Company plant was not

in operation for practically the entire period.

Examiner Burchmore: Then for the year 1909 it is substantially accurate to say that 75 per cent of the total tonnage of your railroad was supplied by the Three States Lumber Company?

Mr. Cooper: For the year 1909?

Examiner Burchmore: Yes.

Mr. Cooper: I think so.

3024 Examiner Burchmore: In 1910 the percentage would doubtless be less?

Mr. Cooper: It was about 35 per cent.

Examiner Burchmore: Because of the closing down of your plant? Mr. Cooper: Yes.

Examiner Burchmore: Do you think the plant will be in operation most of this year?

Mr. Cooper: It is in operation now and I think it will be the entire year.

Examiner Burchmore: Do you originate any particular volume

of farm products, for example?

Mr. Cooper: Mostly the greater portion of farm products has been hay this year, although we have considerable farming territory now along our line and with a cotton gin at Burdette we would get quite a lot of cotton tonnage.

Examiner Burchmore: Would you please furnish the Commission a statement of your tonnage for the fiscal year 1909 and from staves for the fiscal year ending June 30th, 1910, in view of the

changed conditions?

Mr. Cooper: Yes, sir.

3025 Examiner Burchmore: Showing the total tonnage of the whole road and showing how much was lumber furnished by the Three States Lumber Company, and how much was lumber furnished by other companies, and the volume of logs, if any, moved, and then the volume of other freight, dividing that if you choose, between farm and other products?

Mr. Cooper: I understand the statement you want, and will get

ir

Examiner Burchmore: Showing also the revenue figures?

Mr. Cooper: Yes.

Examiner Burchmore: I understand you are also going to give us a map, something similar to the tracing you have here.

Mr. Cooper: Yes, sir.

Examiner Burchmore: Do you have joint through rates in connection with the Frisco?

Mr. Cooper: On lumber.

Examiner Burchmore: To interstate points?

Mr. Cooper: To interstate points.

Examiner Burchmore: Are they the same from stations on your line as from Burdette Junction and other points on the Frisco?

Mr. Cooper: Yes.

Examiner Burchmore: What are your divisions on those

rates?

Mr. Cooper: We get two cents on all hardwoods except on cotton wood, on which we get three cents, that is, three cents to points beyond Frisco terminals. If cotton wood is handled within the Frisco System we only get two cents on that

Examiner Burchmore: But your usual division is two cents?

Mr. Cooper: Yes, sir.

Examiner Burchmore: And three cents on some hardwoods?

Mr. Cooper: Yes, sir.

Examiner Burchmore: To what territory does your lumber go in the main? Give a representative point.

Mr. Cooper: The northern and eastern markets, and some western. Examiner Burchmore: Does it very largely take, for example, the St. Louis rate?

Mr. Cooper: Most of our tonnage would go by way of Thebes.

Examiner Burchmore: What is the rate to Thebes?

Mr. Cooper: Nine cents.

Examiner Burchmore: And you get two cents?

Mr. Cooper: And we get two cents.

Examiner Burchmore: And what haul do you have for 3027 the two cents?

Mr. Cooper: We make a mile and a half.

Examiner Burchmore: A mile and a half haul on the lumber for two cents, and then the Frisco receives how much, seven cents, for what distance?

Mr. Cooper: I should judge it is about 125 miles, I would not

be positive about that.

Examiner Burchmore: Mr. Coleman, I observe you have taken some interest in this line of questions with two or three witnesses. This witness testified he hauls the lumber for a distance of one and one half miles for two cents, and the Frisco hauls it from there to Thebes, 125 miles, for the balance of seven cents.

Mr. Cooper: The total rate is nine cents.

Examiner Burchmore: Do you handle any coal?
Mr. Cooper: Inbound we handle some coal.
Examiner Burchmore: To whom is that coal shipped?

Mr. Cooper: To the Three States Lumber Company and the railroad company.

Burchmore: And they get a division on that Examiner

rate? Mr. Cooper: The Frisco puts in a division in May of 15 3028 cents a ton on inbound coal, but during that time I think we handled two carloads of inbound coal, and we were notified just a short time ago that the Frisco had made a rate that cuts us out on that division, although they have not notified us.

Examiner Burchmore: What is your division? Mr. Cooper: It was 15 cents a ton on inbound coal.

Examiner Burchmore: Do you ship any lumber down the river by steamboat?

Mr. Cooper: We have done so in the past.

Examiner Burchmore: What would you get on this lumber as

your earnings? Mr. Cooper: We would get two cents per 100 pounds from Burdette to Wolverton.

Examiner Burchmore: Who paid that two cents?

Mr. Cooper: The lumber company.

Examiner Burchmore: The steamboat did not allow you any division?

Mr. Cooper: No.

Examiner Burchmore: You are willing to haul the lumber all the way from Burdette to the landing, a distance of seven miles, for the same rate you get—

Mr. Cooper: Five miles.

Examiner Burchmore: For the same rate you get for hauling

lumber over to the Frisco?

Mr. Cooper: We do for the same amount, but I will state here that the service in hauling to the river can be done much cheaper than the service between Burdette and Burdette Junction, because the lumber is loaded on a barge and we can perform that service continuously until that barge is loaded, whereas the service between Burdette and Burdette Junction is intermittent and requires going out possibly after empties without any load to haul on that outward trip and vice versa. We go out with loads and possibly bring empties in.

Examiner Burchmore: But you haul loads down to the river

and bring empties back.

Mr. Cooper: But it is done on the one trip. That service may be performed steadily for two weeks or one week in loading a barge, and then possibly there will not be any more service for a month. Examiner Burchmore: The operation is an economical one.

Mr. Cooper: Yes, sir.

3030 Mr. Coleman: Who performs the transfer on the boats?
Mr. Cooper: The lumber company loads the barges from our cars.

Examiner Burchmore: You perform the service of hauling the logs to the mill?

Mr. Cooper: Yes.

Examiner Burchmore: As a matter of fact your line west of the mill is of very little use except for hauling logs?

Mr. Cooper: No, the old line has developed quite a farm terri-

Examiner Burchmore: You do not haul any logs from that territory?

Mr. Cooper: We were hauling some stave timber from that line

for Frisco points.

Examiner Burchmore: You haul the logs to the mill for the lumber company?

Mr. Cooper: Yes, sir,

Examiner Burchmore: What are you paid for that?

Mr. Cooper: Two cents per 100 pounds according to our tariffs. Examiner Burchmore: Is that two cents in addition to your tariff on lumber out?

3031 Mr. Cooper: It is.

Examiner Burchmore: And that two cents is credited afterwards on the outbound freight?

Mr. Cooper: It is not.

Examiner Burchmore: Then these Frisco rates are not on a milling in transit basis?

Mr. Cooper: No. sir.

Examiner Burchmore: It costs the lumber company two cents

more than the regular Frisco rate to get to market, they have to pay two cents in on the logs and then the full rate out?

Mr. Cooper: Yes, sir.

Examiner Burchmore: You have noticed that some other companies do not pay anything on the logs in and get a milling in transit arrangement.

Mr. Cooper: Yes.

Examiner Burchmore: You have also observed that a great many companies get more than two cents division?

Mr. Cooper: I bave.

Examiner Burchmore: But most of those companies pay a higher rate than nine cents, so I suppose you are not hurt to the same extent you would be otherwise?

Mr. Cooper: I do not remember to what point they con-3032

sidered the delivery.

Examiner Burchmore: Well, we had a man yesterday, for example, who got two cents division out of an 11 cent rate to Thebes, and you are paying 9 cents to Thebes.

Mr. Cooper: 9 cents to Thebes.

Examiner Burchmore: Do these logs move into the mill under any billing?

Mr. Cooper: Yes, sir.

Examiner Burchmore: What kind of billing?

Mr. Cooper: The waybills of the Blythville, Burdette & Mississippi River Railroad.

Examiner Burchmore: Are those waybills made up before the car

starts to move? Mr. Cooper: No, they are made out after the car gets to Burdette,

as we do not get the information until then.

Examiner Burchmore: When a shipment of lumber is ready to be made to interstate destinations, and the lumber company desires a car to load that on, I suppose this railroad calls on the Frisco for an empty car? Mr. Cooper: It does.

Examiner Burchmore: And you move that empty car to 3033 the mill and it is loaded?

Mr. Cooper: Yes, sir.

Examiner Burchmore: And you move it back to the Frisco?

Mr. Cooper: Yes.

Examiner Burchmore: And the Frisco takes it on?

Mr. Cooper: Yes.

Examiner Burchmore: Where do you get that car to the Frisco on an interchange track?

Mr. Cooper: Yes, sir, there is an interchange track at Burdette Junction.

Examiner Burchmore: What distance do you haul it from the mill before you leave it?

Mr. Cooper: Practically a mile and a half.

Examiner Burchmore: Down to the right of way of the Frisco?

Mr. Cooper: Yes, sir.

Examiner Burchmore: And operate over this joint track?

Mr. Cooper: Yes.

Examiner Burchmore: Does the Frisco set these cars up on the joint track some place?

Mr. Cooper: On the interchange track, which is a siding, 3034 at Burdette Junction.

Examiner Burchmore: Who issues the bills of lading on the outbound movement of lumber?

Mr. Cooper: The Blythville, Burdette & Mississippi River. Examiner Burchmore: What man on that road issues the bill

of lading? Mr. Cooper: We have an agent at Burdette who is as well an employee of the lumber company?

Examiner Burchmore: He is not paid by the railroad company

as a matter of fact.

Mr. Cooper: Up to the present time the railroad company has not paid him anything because-

Examiner Burchmore: His duties are not very onerous?

Mr. Cooper: No, and the railroad company has had a losing proposition so far, and we have not taken those things up.

Examiner Burchmore: Does he issue a through waybill or transfer

billing?

Mr. Cooper: A through waybill is issued by the joint agent at Burdette Junction from Burdette to destination.

Examiner Burchmore: But your conductor does actually have

that way bill when he moves a car out to the junction?

Mr. Cooper: No. Our joint agent at Burdette Junction 3035 does that.

Mr. Wilson: Does your Honor mean the waybill or the

bill?

Examiner Burchmore: The waybill. At the present time the bill is made at the mill.

Mr. Cooper: The waybill is made at Burdette Junction by the

Joint agent.

Examiner Burchmore: You file tariffs with the Interstate Commerce Commission?

Mr. Cooper: We do.

Examiner Burchmore: I suppose you endeavor to comply with all laws relating to railroads?

Mr. Cooper: That has been our endeavor, yes.

Examiner Burchmore: Are you able to give the valuation of the road with equipment, or shall we refer to the reports?

Mr. Cooper: I could not state it accurately. The annual reports

cover it.

Examiner Burenmore: It covers approximately the same as you have given, that is the \$140,000 capital stock and bonds you have stated?

Mr. Cooper: Yes, sir.

Examiner Burchmore: Have you kept up the interest on the bonds?

3036 Mr. Cooper: No, we have set aside and charged it out of our annual earnings.

Examiner Burchmore: Have you got the money to pay it?

Mr. Cooper: No.

Examiner Burchmore: Is the road conducted at a loss?

Mr. Cooper: The road is conducted at a loss.

Examiner Burchmore: Never has paid any dividends?

Mr. Cooper: Never has made any dividends.

Examiner Burchmore: Have you accumulated any deficit?

Mr. Cooper: We have.

Examiner Burchmore: How much is that deficit?

Mr. Cooper: \$29,255.67.

Examiner Burchmore: That deficit includes the interest on your bonds?

Mr. Cooper: It does.

Examiner Burchmore: That is, it assumes they are paid, you have charged them off?

Mr. Cooper: Yes, sir, we have charged it off as paid.

Examiner Burchmore: Is it not a fact that for the fiscal year 1909 you made a net revenue of \$3,104.44?

Mr. Cooper: Yes, sir, that was not considering taxes and interest on bonds. I think you will find your report states that.

3037 Examiner Burchmore: Yes.

Mr. Wilson: You spoke of your total capitalization. Your total capitalization is \$140,000 stock.

Mr. Cooper: Outstanding.

Mr. Wilson: There is \$100,000 in bonds?

Mr. Cooper: Yes.

Mr. Wilson: You spoke of some staves that you transported in conjunction with the Frisco. From whom did you obtain those stayes?

Mr. Cooper: We have done considerable business the last three years on stave lumber purchased by the Luxora Cooperage Company at Luxora, Arkansas, on the Frisco Railroad. Also by the National Handle Company and Ollipeter & Jontz at Blythville, Arkansas. This timber has all been purchased from other parties along our railroad, and transported by us to Burdette Junction and then handled by the Frisco to those two towns named.

Mr. Wilson: Do you charge the Three States Lumber Company demurrage on the cars?

Mr. Cooper: We do.

Mr. Wilson: How do you pay for your cars? Mr. Cooper: We pay per diem charge.

Mr. Wilson: And that means, as I understand it, that you pay for the cars so much a day and if the Three States Company keeps them over 48 hours they pay the usual demurrage.

Mr. Cooper: They pay the usual demurrage. They pay \$1.00 a day, and we pay at the present time 35 cents per day as soon as the car is delivered to the interchange track.

Mr. Wilson: Is the territory through which your line goes developing, or is it stationary?

Mr. Cooper: It is developing very rapidly.

Mr. Wilson: In what way?

Mr. Cooper: I will say in this connection that this proposition is located in the St. Francis Valley, which includes some of the richest

agricultural territory in the United States, and we have no prome and none of the lumber companies have any trouble in selling ther cut-over lands as rapidly as they put them on the market. Illinois farmers and the Missouri farmers are buying up this land continually and moving down there and putting it into cultivation.

Mr. Cowan: At what price?

Mr. Cooper: Of the cut-over land?

Mr. Cowan: Yes.

3039 Mr. Cooper: The last we sold we got \$15.00 per nere for

Mr. Wilson: Does the Three States Lumber Company own all the adjoining land to the railroad?

Mr. Cooper: No.

Mr. Wilson: What percentage should you say they own?

Mr. Cooper: I should say of actual timber lands about 60 per cent, but lands in general, we do not own over 30 or 40 per cent of the lands along our line.

Mr. Wilson: You have a copy of the charter from the State of

Arkansas with you?

Mr. Cooper: I have. Mr. Wilson: And the report of organization?

Mr. Cooper: Yes.

Examiner Burchmore: It will not be necessary to file than says it was incorporated under the laws of the state of Arkansus.

Mr. Wilson: Are you recognized as a common carrier in Arsan-

Mr. Cooper: Yes, sir.

Mr. Wilson: And taxed as a common carrier? Mr. Cooper: Yes, they taxed us as such.

Mr. Wilson: You hold yourself out as a common carrier 3040

Mr. Cooper: Yes.

Mr. Wilson: And you are ready to receive business as such?

Mr. Cooper: We d. In fact we are plugging for business, as they

Mr. Andrews: Did you state the percentage of your tournage in giving your business of last year produced by the Three States Laun-

ber Company? If so, I did not hear it.

Mr. Cooper: I said the business of the Three States Lamber Company for the year ending June 30th, 1910, was about 35 per cent of the business handled.

Mr. Andrews: Of your total business? Mr. Cooper: Of our total business.

Mr. Andrews: And the other is composed most largely of what

Mr. Cooper: You might say staves and handle stock, raw material.

Mr. Andrews: And that comes from the land you have stated, of the Three States Lumber Company?

Mr. Cooper: No, a great deal of it comes from the lands of other parties along our road.

Mr. Andrews: What per cent?

Mr. Cooper: All our handle lumber goes to the Burtiette Cooperage Company which is located on our line.

Mr. Andrews: You misurderstood me. The ray material, I unpersonal won to say earlier in your examination, for the stayes and handles and things comes from the land of the Three States Lumber Commany which are sold by the Three Sunes Laumber Company to the nurchaser. You did not say that?

Mr. Cooper. No. only so far as the Barriette Cooperage Company

s concerned. They go all our largely timber

Mr. Andrews. What percentage of it comes from the Three Sums Lumber Company's land

Wr. Cooper Of this new material for hundles and staves?

Mr. Andrews Te-

Mr. Couper. Possibly 50 per cent. I will care in different years,

should tudge

We Andrews Now you scaled that when the railroad was organned that it issued \$140,000 of sack and \$100,000 of bonds which were taken over by the lumber company for the purchase price of the multroad"

Wir Cooper: Yes, SIT

Mr. Andrews And the subsequence \$20,000 of this stock had been disposed of last you did not state to whom it had here disposed or more present, who is present owns it.

Mr. Cooper: I stated at that time that it had been dispassed of to individuals, but the money was indicated by the Three States Lamiler Company, and the stack was held in trust by them.

Mr. Andrews: So the Turse Sames Lamber Community still holds al the stock"

Wr. Cooper: Practically all the stock

Examiner Burelinors It's the benedictory of a trust

Mr. Andrews Well, I did not get that at all. And this subsegreat issue of \$40,000 has not been pur our, or has it been taken?

Examiner Burchmore. That is moraded in the present trust

Nr. Andrews. That is under the same arrangement?

The Cooper. You would not call it under the same arrangement. The other stock was beld-

Examiner Burchners In order to comply with the Arkansas law he said there had to be a corner personner of individual stocklouders.

Wr. Course Residents of Arkansas

Examine Burchmone It's really held in trust

Nit Couper It really is very ser

Mr. Andrews. You stared it was easier to carry the lumher five miles and load it on the harpe than it was to deliver I to the military company. As a matter of figureour deliveries to the ratifical communic colors of secondary from the mill point a distance of a mile and a quarter or a mile and a half to the interchange track of the rational company the sure that have already been loaded by the lumber command the a not."

We Cooper I would not call it a swork. I would call it a haul.

We Andrews Well, name it as you prefer, but that is what the within it is ill line."

Mr Cooper The

Mr. Andrews: The lumber company loads the cars?

Mr. Cooper: Naturally, ves.

Mr. Andrews: And your railroad company then hauls that to the

connecting railroad.

Mr. Cooper: It first goes and gets the empty car and sets it for the lumber company and then takes the load back when the car is loaded.

Mr. Andrews: As a matter of fact generally is it not—it brings the empty back, and vice versa, does it not?

Mr. Cooper: No, I stated awhile ago that was not so much

the case in operation-

Examiner Burchmore: I rather think he covered it rather fully. but it is hard to carry these things. When you come to read the record I think you will find it is described fully.

Mr. Andrews: Well, where do you get the cars you haul to the

barges?

Mr. Cooper: The railroad company owns them. Mr. Andrews: What kind of cars, flat cars?

Mr. Cooper: Flat cars.

Mr. Andrews: The lumber company loads the flat cars?

Mr. Cooper: They do.

Mr. Andrews: And the railroad company takes them to the barge and unloads them?

Mr. Cooper: The lumber company.

Mr. Wilson: Do you mean there is \$140,000 of stock outstand-

Mr. Cooper: \$140,000. Mr. Wilson: All together? Mr. Cooper: Altogether.

Mr. Wilson: The original issue was \$100,000 and it was

subsequently increased by \$40,000? 3045

Mr. Cooper: Yes.

Examiner Burchmore: That is all stated in the annual report and I think it has been checked up.

Mr. Wilson: Did you mean to convey the impression that there was \$40,000 of stock which was issued to qualify directors?

Mr. Cooper: No, not altogether.

Mr. Coleman: You say you work pretty energetically for business in Arkansas?

Mr. Cooper: We do.

Mr. Coleman: With a good deal of success?

Mr. Cooper: It is developing all the time, yes, sir.

Mr. Coleman: Do you have through rates from points on your line or between points on your line and points on the Frisco and other lines in Arkansas?

Mr. Cooper: In Arkansas?

Mr. Coleman: Yes. Mr. Cooper: We have no case where the Frisco has made a through rate from points on our line to Luxora, Ark.

Mr. Coleman: Does the same apply as from the junction?

Mr. Cooper: No, I should think not. They have made a 3046 combined rate of two and one-half cents per 100 pounds, of which we get one and one quarter cents and they get one and one quarter cents and the haul is about the same for each road.

Mr. Coleman: What is that on?

Mr. Cooper: That is on stave bolts.

Mr. Coleman: Then there are some instances where you get less than two cents for hauling?

Mr. Cooper: Yes, sir, in that instance there is.

Mr. Coleman: Do you handle any lumber business from your line to distant points in Arkansas or any other forest products?

Mr. Cooper: We handle stayes and headings from our line to in-

terstate points and also scythe handles.

Mr. Coleman: No, to Arkansas points, points within the state, intrastate.

Mr. Cooper: Of the manufactured product?

Mr. Coleman: Yes.

Mr. Cooper: I do not believe we have any such movement. It is possible though.

Mr. Coleman: You have no divisions on merchandise be-3047 tween points on your line and other points in Arkansas?

Mr. Cooper: We have not. Our divisions are covered by

the term lumber and forest products.

Mr. Coleman: Then on Arkansas State traffic you receive no divisions except as you may add to the rate applying from the junction with the Frisco, with the exception of this through rate from the belts where you get one and one quarter cents.

Mr. Cooper: In carloads of lumber I think we would get a division of that shipped to some point on the Frisco system; I think our

division would cover that.

Mr. Coleman: Where is this business which you say you are suc-

cessful in securing, this intrastate business?

Mr. Cooper: Principally the raw material for the handle companies and stave mills at Osceola and Luxora and Blytheville, Arkansas.

Mr. Coleman: Then the rate is made up on the sums of the locals?
Mr. Cooper: Except in the one case mentioned it is made up of

the sums of the locals.

Mr. Coleman: How do you account for it that the shippers on your line are willing to pay relatively a higher rate or 3049 be subjected to the local rate to the junction with the Frisco

on intrastate business and yet on interstate business you have

the same rates.

Mr. Cooper: It is because they have no other alternative. We cannot get a division on that, and have not been able to get a division on that raw product, and they buy up this timber on our line and pay the combination of rates to get it out.

Mr. Coleman: You spoke about the land on your line, the cut-

over land, selling for \$15.00 an acre.

Mr. Cooper: Yes, sir.

Mr. Coleman: Is that hardwood lands?

Mr. Cooper: That is hardwood lands.

Mr. Coleman: Is all the land on your line hardwood land?

Mr. Cooper: It is.

Mr. Coleman: I did not understand what you said as to the extent

of the holdings of the lumber company.

Mr. Cooper: I said possibly 60 per cent of the timber lands adjacent to our line, that is virgin timber lands, were owned by the lumber company, but when you took into consideration all the land. farming, cut-over and timber lands, we did not own over 30 or 40 per cent of the adjacent land.

Mr. Coleman: Well, what do the holdings aggregate in acreage that are owned by your company? 3049

Mr. Cooper: About 16,000 acres.

Mr. Coleman: What is that hardwood stumpage estimated worth now?

Mr. Cooper: The hardwood stumpage? I do not know.

Mr. Coleman: Take your hickory.

Mr. Cooper: Is that competent in this matter?

Examiner Burchmore: I did not understand the question.

Mr. Coleman: I asked him what his hardwood stumpage was worth.

Mr. Wilson: That is going into the value of the hardwood stumpage on the Three States Lumber Company's lands.

Examiner Burchmore: Do you object to that?

Mr. Cooper: Yes, sir, I am here as a witness for the Blythesville. Burdette & Mississippi River Railway Company.

Mr. Coleman: What is it generally worth, not on that land, but

as a general proposition.

Mr. Cowan: I think we are entitled to that.

Mr. Coleman: As I understand the situation of this road it was operated for quite a time as an unincorporated road and received no divisions, and as seems apparent, for the purpose of the

general property. It seems to me in order to determine the merits of the investment, in view of that fact, that the question of the value of the land at the time they took it, the stumpage. and what they can sell the cut-over lands for now, would figure into the merits of the operation.

Examiner Burchmore: Have you any objection to giving the figures? Would it not suffice if he gives the figures of the general value

at that time?

Mr. Coleman: Yes.

Examiner Burchmore: What was the general value in that territory, not what you paid.

Mr. Cowan: Not that particular land, the general proposition. Examiner Burchmore: What was the general market price of land in that vicinity?

Mr. Cooper: The lands or did you say timber?

Mr. Coleman: Well, I asked for the stumpage. You told us what the cut-over lands were selling for, \$15.00, and I asked you what stumpage is figured on now as being worth.

Mr. Wilson: I understand the question as to the value of the

holdings of the Three States Lumber Company, but they are asking what the value of the stumpage in that vicinity is worth, and I do not object to that.

Mr. Cooper: The value of the timber on the stumpage, \$3.00 to

\$5.00 per thousand.

Mr. Coleman: What was it worth at the time it was purchased?
Mr. Andrews: I do not know that I have any right to interrupt,
but certainly we have no right to inquire into the fortunate or unfortunate operation—

Examiner Burchmore: Do you object, Mr. Cooper?
Mr. Cooper: I object, unless it is necessary in this case.

Examiner Burchmore: What is it worth now?

Mr. Cooper: Well, will the answer to this question have any bearing on this railroad case?

Examiner Burchmore: I do not know. I do not think so, but

perhaps Mr. Coleman sees a value that we do not see.

Mr. Cowan: I agree with Mr. Andrews about it. I just tried to qualify Mr. Coleman's statement when he asked about what this man's lumber was worth. I do not think he has a right to inquire.

Mr. Cooper: When he does that he gets at the value of our stumpage.

Examiner Burchmore: Will you frame your question the

way you want it?

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Mr. Coleman: I am willing to withdraw the question if Mr. Andrews does not think it has any bearing. The only purpose I had was to determine whether this investment was originally made with the expectation of a profit and without any ultimate intention of incorporating a railroad in order to operate the property.

Mr. Cowan: That question would be all right.

Examiner Burchmore: Yes.

Mr. Cooper: I can answer that question.

Mr. Cowan: That is different.

Mr. Cooper: I would say at the time the lumber company went in there they constructed simply a tram line and did not, I suppose, have in view at that time the incorporation of the railroad, because there was absolutely no development in there. The Frisco Railroad had not been built through there when we went in there. It was one vast forest. But since that period the St. Francis Valley has gone forward faster than any other section of the country almost in an agricultural line and the possibilities of that country and of a railroad through that country were so evident to our peo-

are building a railroad. We have no occasion at the present time to go to Blytheville with this railroad, but we are doing it as a railroad possibility. At Blytheville we get a connection with the Cotton Belt Railroad, and in that way it gives the patrons of the Blytheville, Burdette & Mississippi River Railway two connections and it also gives to the factories at Blytheville a chance to come down on to our line and buy and handle timber and stave timber and transport it over one road to Blytheville instead of paying our rate

and the Frisco rate. And we have here which we wish to file a petition from the citizens of Blytheville.

Examiner Burchmore: Expressing their hope that this road will

be continued?

Mr. Cooper: Expressing their hope that this road will be recognized by the Commission as being continued to Blytheville. In the event the divisions are taken off, there will not be the incentive to build to Blytheville that there is now.

Examiner Burchmore: I do not quite get that, You do not want

any division on lumber for Blytheville, do you?

Mr. Cooper: We will possibly get divisions on the Cotton Belt if

we ship that way.

3054 Examiner Burchmore: Better divisions than you have now?

Mr. Cooper: No, we have not hoped for better divisions, but we will get as good I suppose,

Examiner Burchmore: Do you anticipate better divisions when you connect up with the Cotton Belt? Mr. Cooper: No, that was considered, but the incentive was to

get two roads.

(The paper so offered and identified, was received in evidence and thereupon marked Blytheville, Burdette & Mississippi River Exhibit No. 1, Witness Cooper, December 17th, 1910, and is attached hereto.)

Mr. Coleman: You testified your road was being operated at a loss, if I understood you correctly.

Mr. Cooper: It is so far.

Mr. Coleman: Well, at as great a loss as before you incorporated it in 1906?

Mr. Cooper: I don't understand how we can make a comparison

before it was incorporated.

Mr. Coleman: I understood you to say you had not made any extensions until recently. Now take it up to the time you had made extensions, since 1906, with before 1906, when you got no divisions.

3055 Mr. Cooper: We were not operating a railroad before 1906; we were operating a tram line and the expenses of that went into the general operation, and I could not give you a comparison.

Mr. Coleman: You do not claim, though, that for the money invested that you have not realized more from transportation on that railroad since 1906 net, than you did prior to 1906?

Mr. Cooper: I don't understand the question.

(Question read.)

Mr. Cooper: Prior to 1906 we were not a railroad and were not incorporated, and were simply handling the lumber company's business at what it cost us and operating as economically as we could a tram line, but since that time we have conformed with the Arkansas State Law and the Federal Laws, and it has been expensive to a great extent, and we have improved the road, and as I said before, almost completed our extension to Blytheville.

Mr. Coleman: That is all.

Examiner Burchmore: Have you any contract with the Frisco System relating to the division of rates, the freight rates themselves? Mr. Cooper: You would not call it a contract. The offi-

cials of our road and the officials of the Frisco met and 3056 agreed on these divisions and the Frisco simply wrote us a letter confirming that.

Examiner Burchmore: It does not bind either party for a term

of years?

Mr. Cooper: No, it can be terminated on 30 days' notice, the letter states.

Examiner Burchmore: That is all.

(Witness excused.)

Wilson Northern Railway Company. 3057

M. J. Blackwell was called as a witness and having been duly sworn testified as follows:

Mr. Charles T. Coleman: I wish to state that there is a complaint in this case in which all the facts are set out in great particularity, and for the purpose of shortening this hearing we admit that there is a community of interest growing out of the fact that all of the stock of Lee, Wilson & Company, a corporation, and all of the stock of the Wilson Northern Railway is owned by the same parties and that is all set out in this complaint and it will save questioning on that at all. We admit that of record, that the stockholders are the same in each except the qualifying shares, as to which we make no contention.

Examiner Burchmore: Are there any special facts you desire to

bring out at this hearing?

Charles T. Coleman: None except the first seven paragraphs of this complaint. I want the witness to say they are correct.

Mr. Blackwell: Yes, sir.

Examiner Burchmore: The organization and history are said to be fully set forth in paragraphs 1 to 7 in the amended complaint filed with the Commissioner as part of this rec-3058 ord. You have read that complaint?

Mr. Blackwell: Yes, sir.

Examiner Burchmore: Do you believe that the facts as set out in those seven paragraphs are correctly stated?

Mr. Blackwell: Yes, sir.

Examiner Burchmore: As I understand it is admitted there is a community of interest, as explained by your attorney?

Mr. Blackwell: Yes, sir.

Examiner Burchmore: The officers in the two companies are in

the main the same?

Mr. Blackwell: Well, yes, sir, they are the same with the exception of the Superintendent and Auditor of the Railway company.

Examiner Burchmore: He is not an officer of the lumber company?

Mr. Blackwell: No, the superintendent and auditor are two different people.

Examiner Burchmore: They are not officers of the lumber company?

Mr. Blackwell: They are not officers of the lumber com-

Examiner Burchmore: Their entire salaries are paid by the railway company?

Mr. Blackwell: Yes, sir.

Examiner Burchmore: Are there any other officers of the rail-way company who receive salaries from the lumber company?

Mr. Blackwell: The President.

Examiner Burchmore: What is his salary from the railroad?

Mr. Blackwell: \$2400 a year.

Examiner Burchmore: What is the salary of the Vice-President? Mr. Blackwell: No, he does not receive any.

Examiner Burchmore: Are there any other officers who receive a salary from the Railroad?

Mr. Blackwell: Yes, sir.

Examiner Burchmore: The Secretary and Treasurer?

Mr. Blackwell: He receives \$400.

Examiner Burchmore: Is not \$2400 quite a salary for the president of this road?

Mr. Blackwell: I think not.

Examiner Burchmore: He is also president of the Lumber Company?

Mr. Blackwell: Yes, sir,

Examiner Burchmore: He is an active officer of this rail-3060 road?

Mr. Blackwell: Yes, sir,

Examiner Burchmore: Now, this railroad company as I understand it has a contract with the St. Louis and San Francisco with which it connects?

Mr. Blackwell: Yes, sir.

Examiner Burchmore: The contract entered into in 1908 provides, does it not, for the maintenance of trackage relations between the two companies, particularly with relation to lumber, or what is the purpose of that contract?

Mr. Blackwell: What is the date of that?

Examiner Burchmore: Have you more than one contract?

Mr. Blackwell: We have two, one for the operation of trains

Examiner Burchmore: This contract is dated the 8th day of August, 1908.

Mr. Blackwell: That contract is a trackage contract. Examiner Burchmore: Is that contract still in effect?

Mr. Blackwell: Yes, sir.

Examiner Burchmore: What does it cover?

Mr. Blackwell: Operations of the Wilson Northern trains over the Deckerville branch of the Frisco.

Examiner Burchmore: The line of this railway connects with the Frisco line which runs from Memphis to St. Louis

and it is what is known as Wilson?

Mr. Blackwell: Yes, sir.

3061

Examiner Burchmore: Extending from there is a generally northern direction for how many miles?

Mr. Blackwell: The Deckerville branch?

Examiner Burchmore: No. Mr. Blackwell: The Wilson Northern ten miles.

Examiner Burchmore: Ten miles in a northerly direction?

Mr Blackwell: Yes, sir.

Examiner Burchmore: Is there any other line that you own at the present time?

Mr. Blackwell: No.

Examiner Burchmore: I thought it was building an extension up towards the Jonesboro, Lake City & Eastern.

Mr. Blackwell: We have contemplated one. Examiner Burchmore: It has been built?

Mr. Blackwell: It has been built and is now in operation. Examiner Burchmore: What is the length of that extension?

Mr. Blackwell: Seven and a half miles.

Examiner Burchmore: Where do you connect with the Jonesboro, Lake City & Eastern?

Mr. Blackwell: At Ross, Arkansas.

Examiner Burchmore: That line is at present owned by 3062 the lumber company?

Mr. Blackwell: Owned by Moore & McFerren.

Examiner Burchmore: Who are they? Mr. Blackwell: Lumber people at Ross.

Examiner Burchmore: They do not receive any allowances?

Mr. Blackwell: No.

Examiner Burchmore: And they move only logs over that line? Mr. Blackwell: Only logs, yes sir.

Examiner Burchmore: Do you move any freight over that line? Mr. Blackwell: Yes.

Examiner Burchmore: What are you moving over that line? Mr. Blackwell: Lumber.

Examiner Burchmore: Where from? Mr. Blackwell: From Ross to Wilson.

Examiner Burchmore: You move some of their lumber? Mr. Blackwell: We move some of their lumber now. Examiner Burchmore: You get divisions on that?

Mr. Blackwell: Yes sir. Examiner Burchmore: Do those divisions inure to the benefit of Moore & McFerren?

Mr. Blackwell: No.

Examiner Burchmore: They inure to the benefit of the 3063 Wilson Northern?

Mr. Blackwell: Yes, sir.

Examiner Burchmore: You have a contract with whom?

Mr. Blackwell: Moore & McFerren.

Examiner Burchmore: What is the purport of that contract.

Mr. Blackwell: I am not familiar with the exact divisions of the contract. All I know is that we were to build the road from Ross to Keiser.

Examiner Burchmore: And there connect with that company?

Mr. Blackwell: And there connect with that company. Examiner Burchmore: And you are logging by that road?

Mr. Blackwell: Yes, sir.

Examiner Burchmore: Will you file a copy of that contract as part of this record?

Mr. Blackwell: Yes, sir.

Examiner Burchmore: It will be understood such a contract will be filed?

Mr. Blackwell: Yes, sir.

Examiner Burchmore: Does that contract cover the present operation of the road as well as its future purchase, or don't you know?

Mr. Blackwell: No, I do not.

Examiner Burchmore: Where is the mill of this Lee Wil-3064 son Company?

Mr. Blackwell: Located on the spur track of the Frisco Rail-

Examiner Burchmore: As a matter of fact your lumber can move out over this spur track to the Frisco system without touching the rails of the Wilson Northern? Mr. Blackwell: Yes, sir.

Examiner Burchmore: And as a matter of fact it does move in that way?

Mr. Blackwell: The Wilson Northern handles the lumber.

Examiner Burchmore: Over that spur track?

Mr. Blackwell: Over that spur track.

Examiner Burchmore: You participate in joint through rates on inter-state shipments of lumber?

Mr. Blackwell: Yes, sir.

Examiner Burchmore: Do you haul the lumber from the mill to the Frisco?

Mr Blackwell: Yes, sir.

Examiner Burchmore: What do you receive for that service?

Mr. Blackwell: Two and three cents.

Examiner Burchmore: What are the rates out of which 3065 you receive two and three cents are they the same as the Frisco rates?

Mr. Blackwell: The same as at the junction point, yes, sir. Examiner Burchmore: What is your rate to Memphis?

Mr. Blackwell: Six cents.

Examiner Burchmore: What is your division?

Mr. Blackwell: Two cents.

Examiner Burchmore: You get two cents out of a six cent rate to Memphis?

Mr. Blackwell: Yes, sir.

Examiner Burchmore: You have a great deal of traffic going to Memphis, I presume?

Mr. Blackwell: Some traffic.

Examiner Burchmore: You also receive that same division and the same rate applies from the lumber that goes down from the Jonesboro, Lake City & Eastern?

Mr. Blackwell: We receive two and a half cents division on all

lumber from Ross.

Examiner Burchmore: I thought you did not operate the line

up to Ross?

Mr. Blackwell: Yes sir, I stated that first, that we did. Examiner Burchmore: It is operated as part of your rail-3066

Mr. Blackwell: Yes, sir. Examiner Burchmore: You have stations on that line?

Mr. Blackwell: At Ross.

Examiner Burchmore: But the line is actually owned by this other company?

Mr. Blackwell: Yes, sir, they are under contract to build it for the

Wilson Northern.

Examiner Burchmore: It is simply a matter of ownership, you are actually operating it?

Mr. Blackwell: We are actually operating it, yes, sir.

Examiner Burchmore: Does any of your lumber move northward to the Jonesboro, Lake City & Eastern?

Mr. Blackwell: No.

Examiner Burchmore: The whole movement is southward, of this lumber?

Mr. Blackwell: Yes, sir.

Examiner Burchmore: Do you get any allowance on the extension for your mill?

Mr. Blackwell: No.

Examiner Burchmore: But you do get logs on that exten-3067 sion which you handle up to Ross for this other company?

Mr. Blackwell: We do not handle them? Examiner Burchmore: Who does handle them? Mr. Blackwell: They are not in operation yet.

Examiner Burchmore: When it was in operation you handled their logs?

Mr. Blackwell: The road was not in operation at that time.

Examiner Burchmore: Is that Ross mill going to be in operation" Mr. Blackwell: I think so.

Examiner Burchmore: Then you will handle logs for it?

Mr. Blackwell: After they deliver them on the main line to us. Examiner Burchmore: They have some spurs?

Mr. Blackwell: The understanding is they are going to construct

their own spurs.

Examiner Burchmore: They are not constructing those spurs? Mr. Blackwell: Not now, no sir.

Examiner Burchmore: Are there any private spur tracks connecting with your line?

Mr. Blackwell: No.

Examiner Burchmore: The Lee Wilson Lumber Company 3068 does not have any spur tracks?

Mr. Blackwell: Not at the present time.

Examiner Burchmore: Your rails go right into the forests? Mr. Blackwell: We have one spur about a mile and a half long. Examiner Burchmore: On that spur all the logs originate?

Mr. Blackwell: No.

Examiner Burchmore: Where do the logs originate for your mill?

Mr. Blackwell: Some are hauled to the main line and some up to

the spur track.

Examiner Burchmore: I mean all the logs there originate on your spur track or on the main line?

Mr. Blackwell: Yes, sir.

Examiner Burchmore: What do you get for hauling the logs to

Mr. Blackwell: Two cents for a hundred pounds.

Examiner Burchmore: That is in addition to the outbound division?

Mr. Blackwell: Yes, sir.

Examiner Burchmore: The Lumber company pays the 3069 railroad two cents per 100 pounds for taking the logs to its

Mr. Blackwell: Yes, sir.

Examiner Burchmore: Then the Frisco pays you two cents as a proportion of the joint through rate out?

Mr. Blackwell: Yes, sir.

Examiner Burchmore: Who issues bills of lading on the lumber lumber that is pulled out?

Mr. Blackwell: The Wilson Northern Company.

Examiner Burchmore: You have an agent who issues them?

Mr. Blackwell: Yes, sir.

Examiner Burchmore: Does he issue waybills?

Mr. Blackwell: Through waybill, yes sir.

Examiner Burchmore: That is used by your conductor and handed over to the other railroad?

Mr. Blackwell: Handed over to the other railroad and inter-line settlements are made.

Mr. Cowan: What sort of lumber is it, pine?

Mr. Blackwell: No, we have no pine; it is all hard wood.

Examiner Burchmore: What is your rate?

Mr. Blackwell: Nine cents.

Examiner Burchmore: And you get three cents out of that?

Mr. Blackwell: We get two cents I think out of that.

Examiner Burchmore: You are in the same position as this last gentleman who appeared, a nine cent rate received, 3070 and a three cent division?

Mr. Blackwell: Yes.

Examiner Burchmore: Would you feel injured if he was getting a three cent division and you only two cents?

Mr. Blackwell: tI would not make any difference to me; that is

his business.

Examiner Burchmere: You would not care at all?

Mr. Blackwell: No.

Examiner Burchmore: Would you feel you were getting a little advantage over him if you were getting three cents and he only two? Mr. Blackwell: It would depend upon the services rendered.

Examiner Burchmore: But it would not enter your mind that it

would affect the lumber business at all?

Mr. Blackwell: No.

Examiner Burchmore: On the lumber you move out from the mill of the Lee Wilson Company over to the Frisco your movement is only a fraction of a mile, a few hundred feet?

Mr. Blackwell: About three thousand four hundred and eighty

feet.

Examiner Burchmore: And for that service of three thou-3071 sand four hundred and eighty feet movement of the empty cars and the same movement of the loaded cars you get two and three cents per 100 pounds?

Mr. Blackwell: Yes. sir.

Examiner Burchmore: And the Frisco gets seven cents to Thebes. which is a distance of how many miles?

Mr. Blackwell: I do not know the distance to Thebes.

Examiner Burchmore: One hundred miles?

Mr. Blackwell: I suppose that far, yes sir; and they get four cents

to Memphis out of the division.

Examiner Burchmore: The Lee Wilson Company, as a matter of fact, have also another private logging road connecting the Jonesboro, Lake City & Eastern at Armorel, Arkansas?

Mr. Blackwell: The Lee Wilson Company have one, yes sir.

Examiner Burchmore: Have they a sawmill there?

Mr. Blackwell: Yes sir.

Examiner Burchmore: They do not get any allowances up there?

Mr. Blackwell: No.

Examiner Burchmore: Do they contemplate incorporating that road, do you know?

3072 Mr. Blackwell: No. it is simply a plant facility.

Examiner Burchmore: How does it differ from this railroad?

Mr. Blackwell: A great deal. It has no dump; it is simply a log road.

Examiner Burchmore: This railroad is a well built road? Mr. Blackwell: Well-constructed road.

Examiner Burchmore: Standard gauge?

Mr. Blackwell: Standard gauge.

Examiner Burchmore: It has several locomotives?

Mr. Blackwell: Three.

Examiner Burchmore: A number of freight cars?

Mr. Blackwell: Yes sir.

Examiner Burchmore: Any besides logging cars?

Mr. Blackwell: I will give you a list of the equipment. Three engines, 36 log cars, 15 flat cars, two box cars and one caboose and 40 ballast cars which we just bought.

Examiner Burchmore: Those are used for what purpose?

Mr. Blackwell: To ballast the road. We have just bought them and they are not delivered yet.

Examiner Burchmore: It does not take 40 ballast cars-

Mr. Blackwell: It will take 40 to ballast this road to put 3073 it in proper shape.

Examiner Burchmore: What is the rail on this road?

Mr. Burchmore: 56 and 60 pounds. Examiner Burchmore: Put in recently?

Mr. Blackwell: Yes sir.

Examine Burchmore: Did you buy it from the Frisco?

Mr. Blackwell: No.

Examiner Burchmore: The lumber company bought it for you?

Mr. Blackwell: They paid for them for us; we borrowed the money to pay for them, yes sir.

Examiner Burchmore: What is the total capital stock?

Mr. Blackwell: \$100,000.

Examiner Burchmore: Is that fully set forth in this petition?

Mr. Blackwell: Yes.

Examiner Burchmore: And the bonded indebtedness is set forth?

Mr. Blackwell: None.

Examiner Burchmore: You have not any?

Mr. Blackwell: No.

Examiner Burchmore: Have you any unfunded debt?

Mr. Blackwell: What do you mean by that, liability?

3074 Examiner Burchmore: Have you any current obligations?
Mr. Blackwell: Obligations, yes sir.

Examiner Burchmore: What is the extent of that? Mr. Blackwell: Well, we have one note of \$7,187.80. Examiner Burchmore: That is recently executed?

Mr. Blackwell: No, sir; it is several years old.

Examiner Burchmore: It was much larger, you have paid part of it off, is that the fact?

Mr. Blackwell: I do not remember as to that exactly.

Examiner Burchmore: What was that note executed for, for advances?

Mr. Blackwell: For rail.

Examiner Burchmore: You are familiar with the character of the traffic of your company?

Mr. Blackwell: Yes, sir.

Examiner Burchmore: What is the total traffic for the last fiscal year, do you remember?

Mr. Blackwell: Yes, sir, I have it here: 85,633 tons.

Examiner Burchmore: That was a substantial increase over the previous year?

Mr. Blackwell: I believe it is; I don't remember. Examiner Burchmore: How much of that was logs? 3075 Mr. Blackwell: 62,290 tons.

Examiner Burchmore: That was also an increase over the previous year?

Mr. Blackwell: Yes, sir.

Examiner Burchmore: How much of that was lumber?

Mr. Blackwell: 19,490 tons.

Examiner Burchmore: That seems to be a proportionate increase, if these figures I have are correct, for the previous year. How much miscellaneous freight?

Mr. Blackwell: 4,253 tons.

Examiner Burchmore: How much of that traffic was supplied by the Lee Wilson Lumber Company?

Mr. Blackwell: 7,218 tons.

Examiner Burchmore: Out of how much?

Mr. Blackwell: 85,633 tons.

Examiner Burchmore: Just about between 85 and 90 per cent?

Mr. Blackwell: tI is about 84 per cent, 84 plus.

Examiner Burchmore: For the previous year it is stated 86.6 of your tonnage was furnished by the Lee Wilson Company. I do not know whether that is accurate, but it is on a report to the Commission.

Mr. Cowan: What is the other tonnage?

3076 Examiner Burchmore: What was the character of the other tonnage you referred to, miscellaneous tonnage?

Mr. Blackwell: It is merchandise.

Examiner Burchmore: And farm products? Mr. Blackwell: Yes, sir, farm products, cotton.

Mr. Cowan: Lumber and stave bolts? Examiner Burchmore: Stave bolts?

Mr. Blackwell: No, that is in logs. Stave bolts is in logs.

Examiner Burchmore: Does the lumber company own any commissaries along the line?

Mr. Blackwell: One at Marie and two public stores.

Examiner Burchmore: How much of this miscellaneous tonnage was intended for those stores?

Mr. Blackwell: I do not know.

Examiner Burchmore: Very much of it, about half to them, was it not?

Mr. Blackwell: I expect so, yes sir.

Examiner Burchmore: You will prepare and file with the Commission one of the tonnage statements I have asked for?

Mr. Blackwell: Yes sir.

Examiner Burchmore: If you will, a general statement will suffice for the record.

3077 will suffice for the record.

Mr. Cowan: Yes, classifying the tonnage, separating it between the lumber company and the other people's tonnage.

Examiner Burchmore: And also give the revenue if you will. I

believe you will file a map, you stated?

Mr. Charles T. Coleman: Yes, we have it here now.

Mr. Blackwell: I want to show the tonnage.

1200

Mr. Charles T. Coleman: Here is the tonnage from the end of the last fiscal year down to the present day.

Examiner Burchmore: Make your statement and state it in the

record if you wish.

Mr. Blackwell: The total tonnage from June 30th to October 31st, 21047 tons; total lumber tonnage 11,849, total log tonnage 8,329, total merchandise tonnage 869.

Mr. C. T. Coleman: Give the proportion of that furnished by the

allied interests.

Mr. Blackwell: The Lee Wilson Company total tonnage 10,566 tons.

Mr. C. T. Coleman: Outside tonnage?

Mr. Blackwell: 10,481 tons.

Examiner Burchmore: This map is a little bit larger than we want and does not show exactly what we want. All we want is just the section of the country through which your road

runs with the terminals and the mills shown.

Mr. Blackwell: I have one at home I have had made since.

Examiner Burchmore: All we want is just this portion in here (indicating).

Mr. Blackwell: I have one drawn on a larger scale and which is a

better map.

Examiner Burchmore: Yes, so if you will take this back and show the terminals and mills and all that, that will be sufficient.

Mr. Cowan: I understood you to say that the majority of the tonnage you just read off was for outside tonnage rather than for Lee Wilson & Company?

Mr. Blackwell: No, about 50 per cent for Lee Wilson & Company

and 49 per cent outside.

Mr. Cowan: And that outside tonnage, what makes the change from the previous year, what is the occasion for the change?

Mr. Blackwell: It is on account of this new extension that we

are operating.

Mr. Cowan: You are hauling what sort of stuff from that extension?

Mr. Blackwell: The Moore & McFerren lumber.

Mr. Cowan: For other people?

3079 Mr. Blackwell: For other people, yes sir.

Mr. Cowan: Lumber and logs for other people?

Mr. Blackwell: Yes sir.

Mr. Cowan: That accounts for it; I just wanted to know why it was.

Examiner Burchmore: Most of it is for this company up at Ross?

Mr. Blackwell: Yes, sir.

Examiner Burchmore: Is not that man directly related to your company?

Mr. Blackwell: Not as yet.

Examiner Burchmore: But he will come in?

Mr. Blackwell: I guess he will.

Examiner Burchmore: It looks to me as if this man at Ross was

all in with the one family, and if we are wrong about it-

Mr. C. T. Coleman: This extension was built by Moore & Mc-Ferren under contract, by which they were to be paid a certain amount?

Mr. Blackwell: Yes.

Mr. C. T. Coleman: It has not yet been incorporated, but it is being operated by the Wilson Northern under a contract to cover the extension. There are no allied interests between him and the Lee Wilson Company whatever. They are competitors in that lumber business.

Examiner Burchmore: That mill is a competitor?

Mr. Blackwell: Yes, sir.

Examiner Burchmore: You are not trying to buy them out?

Mr. Blackwell: No.

Examiner Burchmore: I mean that is not part of your contract?

Mr. Blackwell: No.

Examiner Burchmore: You are going to buy the railroad, that is all?

Mr. Blackwell: We are going to buy the railroad, but we have no interest in the lumber company whatever and they have not in ours.

Mr. C. T. Coleman: I will have you introduce a sketch of the

Examiner Burchmore: Perhaps if you will defer that and put that on your map it would be better.

Mr. Blackwell: I have a large map, two inches to each section,

which I will send to them.

Mr. C. T. Coleman: The rails of the Wilson Northern do not reach the mills owned by the Lee Wilson Company at all.

Mr. Blackwell: No.

3081 Mr. C. T. Coleman: How far beyond the crossing do the rails of the Wilson Northern extend?

Mr. Blackwell: About 270 feet.

Mr. C. T. Coleman: What is the distance from there to the mill?

Mr. Blackwell: 3,480 feet.

Mr. C. T. Coleman: Who owns the track for that last distance?

Mr. Blackwell: The Frisco railroad.

Mr. C. T. Coleman: And the outbound movement from the mill is entirely over the Frisco track?

Mr. Blackwell: Entirely over the Frisco rails, yes, sir.

Mr. C. T. Coleman: Is there a contract between the Wilson Northern and the Frisco giving them trackage rights in and out from the mills?

Mr. Blackwell: Yes, sir.

Mr. T. C. Coleman: And that you have agreed to file before the Commission?

Mr. Blackwell: Yes, sir.

Mr. Cowan: This road being extended up to this other mill, how do you get your pay for operating that road for their lumber?

Mr. Blackwell: How is that?

Mr. Cowan: The road has been extended and you are 3082 operating it?

Mr. Blackwell: Yes, sir.

Mr. Cowan: How do you get your pay for hauling that lumber?

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Mr. Blackwell: A division from the Frisco.

Mr. Cowan: And they get the same rate that is charged from that Frisco station?

Mr. Blackwell: No, they do not get the same rate.

Mr. Cowan: Do they have to pay more?

Mr. Blackwell: They have to pay more, one half cent higher.

Mr. Cowan: And you get that too?

Mr. Blackwell: We get that, the Wilson Northern Railway.

Mr. Cowan: If they build a railroad up to their mill they can get within a half cent of what they could get if they were located on the Frisco railroad?

Mr. Blackwell: Yes, sir.

Mr. Cowan: And if you operate it you get whatever division you can from the Frisco?

Mr. Blackwell: We get two and a half cents.

Mr. Cowan: Is that the only compensation that passes in the matter?

Mr. Blackwell: Yes, sir. 3083

Examiner Burchmore: You are a freight carrier only?

Mr. Blackwell: Yes, sir. Examiner Burchmore: Your charter does not provide for carriage of passengers?

Mr. Blackwell: Yes, sir, it authorizes us to.

Mr. C. T. Coleman: The passenger service is being inaugurated now.

Mr. Blackwell: We will have to carry passengers a week from

now and from then now.

Examiner Burchmore: It is understood the annual reports filed with the Commission may be referred to freely in case there is any brief or argument. I want to ask one question, that is about a year ago the Commission through its Examiners had an examination made of your road on the ground. Have conditions changed materially since that time?

Mr. Blackwell: Yes, sir.

Examiner Burchmore: Has there been any change in conditions other than the new extension?

Mr. Blackwell: Yes, sir.

Examiner Burchmore: Then that report would not be applicable

to the present situation?

Mr. Blackwell: No, we have widened the dump and re-tied it from one end to the other and re-surfaced it and have now 3084 purchased 40 ballast cars to ballast it from one end to the other.

Mr. C. T. Coleman: You are familiar with the allegations in this printed complaint (handing paper)?

Mr. Blackwell: Yes, sir.

Mr. C. T. Coleman: This contains a very carefully prepared statement of the population and the conditions along the line and may be referred to. Are those allegations true?

Mr. Blackwell: Yes, sir.

Examiner Burchmore: Have you any further statement you wish to make?

Mr. Blackwell: No, only that we expect to-it has been all drawn

out as to the land.

Examiner Burchmore: Yes, you expect to develop a traffic from the cultivated land?

Mr. Blackwell: Yes, sir.

(Witness excused.)

3085

Manila & Southwestern.

T. S. TAYLOR, sworn and examined.

Mr. Cowan: Would you mind calling the names of the others who you are going to call hereafter?

Examiner Burchmore: I was going to call the Moscow, Camden

& San Augustine and the Caro Northern.

Mr. Cowan: I thought Mr. Walter said those have definitely been agreed to be postponed.

Examiner Burchmore: Everything else except those two. I will be ready to hear any others that are ready.

Examiner Gutheim: Where do you live?

Mr. Taylor: Lansford.

Examiner Gutheim: Your occupation is what?

Mr. Taylor: I am manager of the Manila Southwestern Railroad. Examiner Gutheim: That runs from where?

Mr. Taylor: From Herman on the Frisco to Lansford.

Examiner Gutheim: It runs in a northerly direction or northeasterly direction generally from Herman?

Mr. Taylor: Yes, sir.

Examiner Gutheim: About how near do you get to the Jonesboro, Lake City & Eastern tracks?

3086 Mr. Taylor: About three and a half miles. Examiner Gutheim: How long is your road?

Mr. Taylor: Five and a half miles.

Examiner Gutheim: That includes main line only?

Mr. Taylor: Main line and spurs.

Examiner Gutheim: The main line is about five miles long?

Mr. Taylor: Yes, sir.

Examiner Gutheim: It is all standard gauge?

Mr. Taylor: Yes, sir.

Examiner Gutheim: About how heavy a rail?

Mr. Taylor: The principal part of the track is 56 pounds and there is something like a quarter of a mile of 45 pound rail.

Examiner Gutheim: What industries have you on the line?

Mr. Taylor: Well, beginning at Herman we have now a cooperage
mill.

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Examiner Gutheim: And that is operated by whom?

Mr. Taylor: The Mill Shoals Cooperage Company of Mills Shoals, Examiner Gutheim: Is the cooperage company interested in the railroad?

Mr. Taylor: No.

3087 Examiner Gutheim: How far are they from the Frisco?
Mr. Taylor: Something like 1,000 feet from the Frisco

Examiner Gutheim: Does the Frisco serve that mill with its own power?

Mr. Taylor: No.

Examiner Gutheim: Everything has to come over your track?

Mr. Taylor: Yes, sir.

Examiner Gutheim: What else is there on the line going north from Herman?

Mr. Taylor: Half a mile from Herman is a sawmill.

Examiner Gutheim: That is owned by whom?

Mr. Taylor: F. J. Bergman & Company.

Examiner Gutheim: Is that mill operated by Taylor Brothers.

Mr. Taylor: No.

Examiner Gutheim: Do Taylor Brothers operate a mill on that line?

Mr. Taylor: Yes.

Examiner Gutheim: Where? Mr. Taylor: At Lansford.

Examiner Gutheim: That is the other terminus of the 3088 line?

Mr. Taylor: Yes.

Examiner Gutheim: That mill is operated at the present time?

Mr. Taylor: Yes.

Examiner Gutheim: To what extent are Taylor Brothers interested in the railroad?

Mr. Taylor: They own 49 and a fraction per cent of the stock.

Examiner Gutheim: As a matter of fact did not the so-called Taylor interests purchase the railroad and that mill property as a single proposition?

Mr. Taylor: No, sir.

Examiner Gutheim: Did the Taylor interests build this road?

Mr. Taylor: No, sir.

Examiner Gutheim: By whom was it built?

Mr. Taylor: By a firm or corporation formed by D. A. Smith & Sons and others.

Examiner Gutheim: Did that concern operate this mill you speak of at Lansford?

Mr. Taylor: The Smith concern?

Examiner Gutheim: The concern just mentioned?

3089 Mr. Taylor: No. sir.

Examiner Gutheim: How did the Taylor interests acquire the railroad?

Mr. Taylor: They advanced money to build the railroad and took

a mortgage on the property and at the time of the panic it went to the wall and the property was sold and we bought it in.

Examiner Gutheim: Was any money advanced on any property

other than the railroad, as one transaction?

Mr. Taylor: Yes, I believe there was a mortgage on Mr. Smith's property at Manila, Arkansas?

Examiner Gutheim: Where is Manila?

Mr. Taylor: That is over in Mississippi County on the Jonesboro, Lake City & Eastern Railroad.

Examiner Gutheim: Not on this line?

Mr. Taylor: No.

Examiner Gutheim: The mill was acquired by the Taylor people as the result of a foreclosure of the mortgage?

Mr. Taylor: Yes, sir.

Examiner Gutheim: We are to understand that the Taylor interests by that foreclosure obtained absolutely no property except the railroad?

Mr. Taylor: That is all.

Examiner Gutheim: Were the Taylor family interested in any traffic producing operations at or about Lansford prior to the time that mortgage was foreclosed and they took over the railroad?

Mr. Taylor: Yes, sir.

Examiner Gutheim: Were they shipping over the railroad?

Mr. Taylor: Yes sir.

Examiner Gutheim: Did they have any other outlet at all from their property in and about Lansford?

Mr. Taylor: No.

Examiner Gutheim: What is the situation at the present time, are the Taylors just holding the property until they can dispose of it a little more favorably or do they intend to hold on to it indefinitely?

Mr. Taylor: Well we have considered we would hold on to it.

Examiner Gutheim: But you are not operating the mill property
at all?

Mr. Taylor: Now?

Examiner Gutheim: Now.

Mr. Taylor: Yes, sir.

Examiner Gutheim: The Taylor family?

Mr. Taylor: Yes, sir.

Examiner Gutheim: And the traffic of the mill is going out over this line?

Mr. Taylor: Yes, sir.

Examiner Gutheim: That is the stave mill you spoke of?

Mr. Taylor: No, that is a lumber mill at Lansford.

Examiner Gutheim: Do they also conduct something in the line of farming operations at Lansford besides the mill?

Mr. Taylor: Yes, sir.

Examiner Gutheim: And they were also interested in that respect prior to the acquisition of the railroad?

Mr. Taylor: Yes, sir.

Examiner Gutheim: As a matter of fact how much money was advanced by the Taylor family to the former owners of the rail-road?

Mr. Taylor: The total amount of money advanced was about \$18,000; but after the foreclosure there were other debts that had

to be paid which amounted to something like \$28,000.

Examiner Gutheim: And the property was taken over for the net amount of the indebtedness to the Taylor people?

Mr. Taylor: Yes, sir.

Examiner Gutheim: Who owns the balance of the stock of the railroad company at the present time?

Mr. Taylor: The four Taylor brothers own it all but a

3092 small per cent.

Examiner Gutheim: So it is all in the Taylor family?

Mr. Taylor: Yes sir, but only two of the Taylor brothers own any interest in the sawmill.

Examiner Gutheim: But the others of the Taylor family are all interested in this farming operation in and about Lansford?

Mr. Taylor: Yes, sir.

Examiner Gutheim: And taking it in that light, the owners of the road are supplying the traffic that is produced by this sawmill and by the farming operations we have mentioned of the Taylor family?

Mr. Taylor: I did not quite catch that question.

(Question read.)

Mr. Taylor: They are producing part of the traffic over the road. Examiner Gutheim: I mean what they produce, and they do not produce anything else except the farming produce and the sawmill output?

Mr. Taylor: No, sure,

Examiner Gutheim: And what proportion of the total traffic is furnished by them from the standpoint of tonnage and revenue?

3093 Mr. Taylor: In 1909 it stood just 10 per cent.

Examiner Gutheim: How many communities are there on that road?

Mr. Taylor: Well, it is practically a woods.

Examiner Gutheim: And there is nothing to speak of between Herman and Lansford?

Mr. Taylor: No.

Examiner Gutheim: Where does the balance of 90 per cent of

the traffic come from?

Mr. Taylor: From the Bergman mill and the result of the shipment of logs from the Wisarkana Lumber Company to their plant at Helkin, Arkansas, and to various other parties shipping to Jonesboro and Bay and Marked Tree.

Examiner Gutheim: All those logging operations are being conducted by parties who are not in any way connected with the Tay-

lors?

Mr. Taylor: Not in the least.

Examiner Gutheim: Is the logging being done on lands owned by the Taylors?

Mr. Taylor: No.

Examiner Gutheim: But the milling, with the exception of the stave mill is all done outside of the line of this railroad?

3094 Examiner Gutheim: The manufacture of the lumber out of these logs, taken out as you have just described, is all outside the line of this railroad?

Mr. Taylor: Yes.

Examiner Gutheim: Are the officers of the railroad at the present time all members of the Taylor family?

Mr. Taylor: No. sir.

Examiner Gutheim: What is the difference?

Mr. Taylor: The superintendent and secretary is not in the family.

Examiner Gutheim: How much equipment have you?

Mr. Taylor: We have an engine and one flat car and a caboose. Examiner Burchmore: Are the superintendent and the treasurer, are these two different men?

Mr. Taylor: Two different men.

Examiner Burchmore: Paid at all by the lumber company?

Mr. Taylor: No.

Examiner Gutheim: Do you do any passenger business?

Mr Taylor: Yes, sir.

Examiner Gutheim: Do you run trains on regular schedule?

Mr. Taylor: Yes, sir.

3095 Examiner Gutheim: Handle any mail or express?
Mr. Taylor: No.

Examiner Burchmore: Publish a timetable?

Mr. Taylor: Nothing more than typewritten matter stuck up in the office.

Examiner Burchmore: Do you have any through rates from points on your line with divisions accruing to this railroad?

Mr. Taylor: Yes, sir.

Examiner Burchmore: On what do these rates apply? Mr. Taylor: Lumber; and it did apply on logs.

Examiner Burchmore: Anything on farming products?

Mr. Taylor: Yes, sir; merchandise.

Examiner Burchmore: On any farm products other than cotton and cottonseed?

Mr. Taylor: Nothing more than a joint local rate.

Examiner Burchmore: How much of a division do you get out of the lumber rates?

· Mr. Taylor: Two cents.

Examiner Burchmore: And the same on stave rates? Mr. Taylor: One cent on logs, staves or stave bolts.

Examiner Burchmore: What division do you get on cotton and merchandise?

3096 Mr. Taylor: Fifteen cents on cotton.

Examiner Burchmore: That is fifteen cents a bale?

Mr. Taylor: Fifteen cents per hundred.

Examiner Burchmore: How much on the cotton seed?

Mr. Taylor: Three cents.

Examiner Burchmore: What do you get on classes and commodities generally?

Mr. Taylor: Eight, ten, twelve and fifteen.

Examiner Burchmore: Do you publish any local tariffs?

Mr. Taylor: Yes, sir.

Examiner Burchmore: File them with the Interstate Commerce Commission?

Mr. Taylor: Yes, sir.

Examiner Burchmore: Are you keeping separate books for your railroad accounts?

Mr. Taylor: Yes, sir.

Examiner Burchmore: How long had that been done? Mr. Taylor: Two years—1908, 1909 and 1910, three years.

Examiner Burchmore: Is the railroad's operation profitable at the present time?

Mr. Taylor: Yes, sir.

Examiner Burchmore: Have you paid any dividends?

Mr. Taylor: No.

3097 Examiner Burchmore: Are you paying any general office salaries?

Mr. Taylor: No. sir.

Examiner Burchmore: You pay the superintendent and secretary?

Mr. Taylor: No, sir; I did not say so.

Examiner Burchmore: Do they serve without compensation?

Mr. Taylor: Yes, sir.

Examiner Burchmore: Who does pay them?

Mr. Taylor: They have but very little service to perform. He is just a figurehead.

Examiner Burchmore: How does he earn his livelihood?

Examiner Gutheim: Are they related to the Taylor family?

Mr. Taylor: Yes, sir.

Examiner Burchmore: I thought you said they were not members of the Taylor family?

Mr. Taylor: The superintendent is not. The superintendent is aid part of his salary by the railroad company.

paid part of his salary by the railroad company.

Examiner Burchmore: And part by the lumber company?

Mr. Taylor: Yes, sir.

Examiner Burchmore: How much does he get from the rail-road company?

Mr. Taylor: \$20 a month.

3098 Examiner Burchmore: How about the other gentleman, the secretary?

Mr. Taylor: He does not get anything.

Examiner Gutheim: Have you made any annual or monthly reports to the Commission?

Mr. Taylor: Yes, sir.

Examiner Gutheim: When was the first annual report?

Mr. Taylor: I cannot remember. I believe it was the first in

1909.

Examiner Gutheim: Can you tell us or furnish a statement showing the division of tonnage and revenue accurately and also furnish a map to show the general geographical location of the line and arrange to send it to the Commission?

Mr. Taylor: I can.

Examiner Gutheim: Will you do so?

Mr. Taylor: Yes, sir.

Examiner Burchmore: You have heard these requests for statements as to tonnage?

Mr. Taylor: Yes, sir.

Examiner Burchmore: You understand the nature of those statements?

Mr. Taylor: Yes, sir; I have one for 1909.

Examiner Burchmore: What does it show?

3099 Mr. Taylor: It shows the total amount to be one hundred million pounds.

Examiner Burchmore: How much was furnished by the lumber company?

Mr. Taylor: Ten per cent.

Examiner Burchmore: Only ten per cent?

Mr. Taylor: Only 10 per cent from the fact that this was made up from the shipment of logs from a company that received 100 cars a month, which would amount to forty eight million pounds out of a minimum weight of 40,000 pounds per car.

Examiner Burchmore: I do not understand; you say this lumber company only furnishes 10 per cent of the total tonnage of the

road.

Mr. Taylor: For 1909, because we were idle. Examiner Bürchmore: How about 1910?

Mr. Taylor: Well, it is more.

Examiner Burchmore: Will you give us the figures for 1910?

Mr. Taylor: Sure.

Examiner Burchmore: Was the mill in operation for the whole of 1910?

Mr. Taylor: Yes, sir.

Examiner Burchmore: I mean the year beginning July 1, 3100 1909 and ending June 30th, 1910.

Mr. Taylor: Was it-

Examiner Burchmore: Was the mill in operation for that entire period?

Mr. Taylor: The mill closed down in 1907 and began operations

again in March, 1909.

Examiner Burchmore: Full blast?

Mr. Taylor: Full blast.

Examiner Burchmore: And at work since up to this time?

Mr. Taylor: Yes, sir.

Examiner Burchmore: Will you please give us a tonnage statement for 1910 up to June 30th, 1910?

Mr. Taylor: Yes sir.

Examiner Gutheim: In that statement you will also include the farm products shipped by the Taylor interests?

Mr. Taylor: Yes sir.

Examiner Gutheim: Is your counsel present?

Mr. C. T. Coleman: Gautney was his counsel and had to leave. Examiner Gutheim: Where are these logs pulled for other people on this road manufactured?

Mr. Taylor: Jonesboro, Nettleton, Bay and Marked Tree.

Mr. C. T. Coleman: Do you move cars supplied by other railroads?

3101 Mr. Taylor: Yes sir.

Mr. C. T. Coleman: Did the Frisco cancel out your rates?

Mr. Taylor: Yes sir.

Mr. C. T. Coleman: Have they been restored under the suspension order?

Mr. Taylor: The lumber rate has been.

Mr. C. T. Coleman: No other divisions have been restored?

Mr. Taylor: No, sir.

Mr. C. T. Coleman: Are you getting any divisions on anything else now?

Mr. Taylor: No, we just put in a local.

Examiner Burchmore: Any other statement you desire to make?

Mr. Taylor: No.

Mr. C. T. Coleman: I will state to the examiner that Mr. Gautney was compelled to go away and he asked me to call your attention to the fact that in his complaint he simply prays for a restoration of through rates and joint rates on these other commodities than lumber. He wants that brought to the attention of the Commission for immediate action.

Examiner Burchmore: How about lumber, he wants them on

lumber?

Mr. C. T. Coleman: The division still obtains on lumber, 3102 but he wants the whole matter restored.

Examiner Burchmore: The class rates went out?

Mr. C. T. Coleman: Yes.

Examiner Burchmore: I thought the Commission suspended all those rates.

Mr. C. T. Coleman: It did, but as a matter of fact that suspension order was not obeyed by the Frisco.

Examiner Burchmore: Are you sure on that?

Mr. Taylor: I am quite sure.

Examiner Burchmore: You ought to write to the Commission and tell them that they do not obey the order.

Mr. Taylor: I did not understand we were entitled to it or that they had suspended it.

Examiner Burchmore: I will look into it, but you might write a letter.

Mr. Taylor: I find that we are entitled to commodity rates and

Mr. C. T. Coleman: In that same connection I wish to say the

same is true as to the Wilson Northern. They did not obey the suspension orders.

Examiner Burchmore: I suggest you look into that and see what

the situation is.

(Witness excused.)

3103 Moscow, Camden & San Augustine Railroad.

W. T. CARTER, called and sworn.

Examiner Burchmore: You are an officer and stockholder in the Moscow, Camden & San Augustine Railway?

Mr. Carter: Yes, sir.

Examiner Burchmore: You are also one of the copartnership of W. T. Carter & Brother?

Mr. Carter: Yes, sir.

Examiner Burchmore: Who are the other members in that copartnership?

Mr. Carter: E. A. Carter and Jack Thomas.

Examiner Burchmore: I understand this copartnership owns substantially the entire capital stock of the Moscow, Camden & San Augustine Railway Company?

Mr. Carter: It owns all but about 50 or 60 shares, 55 or 60 shares. Examiner Burchmore: What is the total number of shares?

Mr Carter: Let me get that exact. The capital stock authorized is \$250,000; the capital stock issued is \$50,000. Now of that W. T. Carter, E. A. Carter and Jack Thomas—there are ten stock-

3104 holders, you can count this as well as I can—there are ten stockholders; three of them, W. T. Carter, E. A. Carter and Jack Thomas, then there is one stockholder holds nine shares, another holds one, just qualifying shares, so practically W.T. Carter and Brother hold the stock.

Examiner Burchmore: Are the remaining shares owned by rela-

tives?

Mr. Carter: No sir, except C. L. Carter. C. L. Carter is a brother. Examiner Burchmore: Then those other shares are held by directors?

Mr. Carter: Yes.

Examiner Burchmore: This copartnership practically controls the corporation.

Mr. Carter: Practically owns and controls the corporation?

Examiner Burchmore: And the officers are substantially the same? Mr. Carter: The officers are substantially the same.

Examiner Burchmore: Perhaps there are no officers of the copartnership?

Mr. Carter: No.

Examiner Burchmore: But I mean the officers of the railroad are in the copartnership?

3105 Mr. Carter: Yes, sir.

Examiner Burchmore: You connect with the Houston, East & West Texas, at Moscow, Texas, as I understand it? Mr. Carter: Yes, sir.

Examiner Burchmore: From that point you run in a generally easterly direction?

Mr. Carter: Yes, sir.

Examiner Burchmore: For a distance of about eight or nine miles?

Mr. Carter: About seven miles we call it.

Examiner Burchmore: Then you have side tracks connecting?

Mr. Carter: Yes, sir.

Examiner Burchmore: Then the other end of your line is Camden?

Mr. Carter: Yes, sir.

Examiner Burchmore: Where is San Augustine?

Mr. Carter: San Augustine is about fifty miles east from there. Examiner Burchmore: You are contemplating an extension to that point?

Mr. Carter: Not now. We started in good faith expecting to extend to that point, but before we got ready to do it the whole 3106 country over 'there was cut up with railroads and we don't think we can go over there now.

Examiner Burchmore: From Camden there are some private tram lines extending into the woods owned by the co-partnership?

Mr. Carter: Yes, sir.

Examiner Burchmore: What is the extent of those private tram lines?

Mr. Carter: Right now about 12 miles running south.

Examiner Burchmore: That is altogether?

Mr. Carter: Twelve miles in main line not including sidings; that is logging road.

Examiner Burchmore: What is the extent of your timber holding

or stumpage rights down in that vicinity?

Mr. Carter: We own about 140,000 acres of land in there. A good deal of it has been cut over. That is beginning at a point 15 miles north of Camden and extending 25 miles south of Camden and 20 miles east of Camden, that is the area our timber is located in. We do not own all of it, but that's the area; our timber is located. We do not own all of it, but that is the area.

Examiner Burchmore: What proportion of that area do

you own?

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Mr. Carter: I think about one-third.

Examiner Burchmore: Then some of your timber is north of the M. K. & T.?

Mr. Carter: Yes, sir.

Examiner Burchmore: Some of it comes pretty close to the private tram lines of the B., K. & S. What is that?

Mr. Mantooth: The Livingston & Southeastern, that is. Examiner Burchmore: Do you run as far down as that?

Mr Carter: Yes, sir; our lands do.

Examiner Burchmore: Are the Knox people cutting any of your lands?

Mr. Carter: No.

Examiner Burchmore: Is any of your land being cut over by other people?

Mr. Carter: No.

Examiner Burchmore: You are milling in along the ten or fifteen miles east or southeast of Camden?

Mr. Carter: We are milling now nearly southeast of Camden. Examiner Burchmore: What proportion of your total holdings has been cut over?

3108 Mr. Carter: I should suppose about 50,000 acres. Examiner Burchmore: Leaving how much?

Mr. Carter: Leaving perhaps 90,000 that has not been cut.

Examiner Burchmore: At the present rate how long will it take

you to cut it out?

Mr. Carter: We are just building a new mill; our mill was destroyed by fire last summer. With the old plant we expected to take 25 years. The new plant we do not know just now, perhaps 20 vears.

Examiner Burchmore: You are not cutting at present?

Mr. Carter: No.

Examiner Burchmore: What is your total amount of lumber there in feet?

Mr. Carter: We figured we had about 600,000,000 feet of lumber. Examiner Burchmore: Then I suppose you are cutting about

25,000,000 feet a year?

Mr. Carter: With the old mill we were cutting about 20,000,000 feet, and we expect to cut 25,000,000 feet or 30,000,000 feet with the new.

Examiner Burchmore: Where was the mill located?

Mr. Carter: At Camden.

Examiner Burchmore: Then the logs did not move over 3109 the railroad?

Mr. Carter: No.

Examiner Burchmore: Just the lumber?

Mr. Carter: Just the lumber. Examiner Burchmore: Where is the new mill?

Mr. Carter: At the same place.

Examiner Burchmore: When was the old mill first put in opera-

Mr. Carter: The old mill began to operate early in 1898. Examiner Burchmore: When was this railroad first begun?

Mr. Carter: The railroad was chartered in June, 1898, and built during that year.

Examiner Burchmore: So the mill and the road were built about

the same time?

Mr. Carter: The mill was in operation before the road was finned. The construction perhaps was going on at the same time. Examiner Burchmore: You say the road was chartered at that time?

Mr. Carter: Yes, sir.

Examiner Burchmore: As a common carrier?

3110 Mr. Carter: Yes, sir; chartered as a common carrier under the laws and built as a common carrier, and always has been operated as one.

Examiner Burchmore: What is the Texas State Commission's

attitude towards your railroad?

Mr. Carter: They have always recognized it from the first time we ever applied for recognition.

Examiner Burchmore: Is not that a little unusual with a new

road----

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Mr. Carter: That was not very new; that was 12 years ago. Examiner Burchmore: Did they recognize you 12 years ago?

Mr. Carter: Yes, sir.

Examiner Burchmore: Was their policy the same as it is in more

recent years?

Mr. Carter: I do not think so. It has been changed. When our road was ready, we applied to the Railroad Commission for rates, and they made an order establishing the rates from Camden to all points in Texas the same as the rate from Moscow. It was one of the first orders ever made, covering our road, by the Commission of Texas.

Examiner Burchmore: And later on they reversed that?

Mr. Carter: They have never attacked the Moscow, Camden

3111 & San Augustine Road.

Examiner Burchmore: I was under the impression from our records that for a time your railroad was not recognized by the State Commission.

Mr. Carter: No, and it was not attacked when they brought the roads up in the State of Texas and cancelled their divisions. The Moscow, Camden & San Augustine was never summoned before them even. The Railroad Commission has always recognized that as a legitimate enterprise and as a common carrier.

Examiner Burchmore: In the event that our record with respect

to your road shows otherwise-

Mr. Carter: Well, if it does it will not be right.

Mr. Mantooth: Your records will not show that. At that time they did not make a physical inspection of the roads, and just took if for granted that the road was a common carrier.

Examiner Burchmore: I only speak of that—I have a memorandum that seems to indicate it. I have no doubt you are right.

Mr. Carter: I know I am right, because divisions have never been cancelled, and we have never been before the Commission except a year or two ago.

Examiner Burchmore: This road was constructed from

Camden to Moscow in the beginning?

Mr. Carter: Yes, sir.

Examiner Burchmore: No extension since?

Mr. Carter: No.

Examiner Burchmore: You said the total stock authorized was \$250,000?

Mr. Carter: Yes, sir.

Examiner Burchmore: Only \$50,000 issued?

Mr. Carter: Yes, sir.

Examiner Burchmore: That, I presume, is explained by the fact that you only built a small fraction of the distance originally contemplated?

Mr. Carter: Yes, sir.

Examiner Burchmore: Did you issue any bonds?

Mr. Carter: No.

Examiner Burchmore: Any indebtedness except current indebted ness?

Mr. Carter: Just a little current indebtedness. Here is a statement as to that.

Examiner Burchmore: I mean nothing that is a standing

3113obligation.

Mr. Carter: No, nothing that is a standing obligation.

Examiner Burchmore: Do you have any trackage rights over the Houston, East & West Texas?

Mr. Carter: We have no contract; we go over there and switch

over their sidings there, putting cars in and taking them out.

Examiner Burchmore: Just the small amount of switching necessary to place cars?

Mr. Carter: Yes, sir. Examiner Burchmore: Any station buildings?

Mr. Carter: No.

Examiner Burchmore: Do you carry passengers?

Mr. Carter: Yes.

Examiner Burchmore: But there is no waiting room for those passengers on your line?

Mr. Carter: The store houses are right on the line, and they just

stay in the store houses.

Examiner Burchmore: Those are warehouses you use for freight?

Mr. Carter: The company store is right on the tracks.

Examiner Burchmore: The lumber company has a 3114 commissary?

Mr. Carter: Yes, sir.

Examiner Burchmore: Have they any commissary except at Camden?

Mr. Carter: No.

Examiner Burchmore: Has the railroad any station agents?

Mr. Carter: Yes, sir.

Examiner Burchmore: At Camden?

Mr. Carter: Yes, sir. Examiner Burchmore: Elsewhere?

Mr. Carter: The station agent at Moscow is practically a joint agent; we pay him a little salary with the understanding with the Houston, East & West Texas that he performs services for both roads.

Examiner Burchmore: I notice that the Moscow, Camden & San Augustine connects with the Houston, East & West Texas not so very far—maybe 20 miles or so—from the connection with the Beaumont & Great Northern.

Mr. Carter: Yes, sir.

Examiner Burchmore: You are familiar with that railroad?

Mr. Carter: I have been over it a time or two; I am not very

familiar with it. Examiner Burchmore: I am somewhat informed with respect to that road. How does the construction of your rail-

road compare with the Beaumont & Great Northern? Mr. Carter: I think the grades are not so good, and I think the rail is not so heavy.

Examiner Burchmore: On your road?

Mr. Carter: On our road.

Examiner Burchmore: Your road is not quite as heavy construction?

Mr. Carter: No.

Examiner Burchmore: What is your rail?

Mr. Carter: 35 pound.

Examiner Burchmore: Have you substantial bridges?

Mr. Carter: Yes, sir.

Examiner Burchmore: Well built road?

Mr. Carter: Well, yes; we carry cars of 100,000 capacity right

Examiner Burchmore: How fast do you run when you have that

sized cars?

Mr. Carter: We do not bother about the speed; I suppose they run 20 miles an hour. Examiner Burchmore: You are not especially cautious, but just

go ahead? Mr. Carter: No, we go ahead with them.

3116

Examiner Burchmore: Any bridges over streams?

Mr. Carter: Yes, sir.

Examiner Burchmore: Steel bridges?

Mr. Carter: No.

Examiner Burchmore: I suppose you file annual reports with the Interstate Commerce Commission?

Mr. Carter: Yes, sir.

Examiner Burchmore: As a matter of fact the characteristics of the road as to bridges, and so forth, I think, are set forth in the annual reports?

Mr. Cowan: All that is in the reports.

Examiner Burchmore: And unless you indicate your desire to go into that phase, I will just touch a little on the details.

Mr. Cowan: Oh, no.

Examiner Burchmore: You have more than one locomotive?

Mr. Carter: We have but one locomotive on that road. We have an order out for another one.

Examiner Burchmore: You have one passenger coach?

Mr. Carter: We have one passenger coach. Examiner Burchmore: How many freight cars?

Mr. Carter: We have 16 freight cars. Examiner Burchmore: Are those all regular freight cars? 3117 Mr. Carter: All standard freight cars. We paid \$600 apiece.

Examiner Burchmore: Are they all on your own line?

Mr. Carter: Scattered all over the United States.

Examiner Burchmore: Out on general railway service?

Mr. Carter: Yes. sir.

Examiner Burchmore: Have you any confined to your own line?

Mr. Carter: No. sir.

Examiner Burchmore: I presume the W. T. Carter Lumber Company has locomotives of its own for use on its private track?

Mr. Carter: Yes, sir.

Examiner Burchmore: Also has logging cars?

Mr. Carter: Yes, sir. Examiner Burchmore: It is not necessary to discuss it, because that road is not before us.

Mr. Carter: No connection.

Examiner Burchmore: Do you move logs into the mill as a private matter?

Mr. Carter: Yes. sir.

Examiner Burchmore: You do not consider that as of pub-3118 lie interest?

Mr. Carter: No.

Examiner Burchmore: Have you ever contemplated taking that

private road over as part of the system?

Mr. Carter: We hope that by the time we get through manufacturing lumber we may be able to develop that road south as a common carrier.

Examiner Burchmore: Is that main line of the tram road of a temporary character?

Mr. Carter: It is a pretty good road.

Examiner Burchmore: About as good as the Moscow, Camden & San Augustine?

Mr. Carter: No, it is not as good as the Moscow, Camden & San

Examiner Burchmore: It has been moved a little from time to time?

Mr. Carter: We moved it; yes, sir.

Examiner Burchmore: Do you expect to move it in the future? Mr. Carter: It is possible we will change the main line in the future. We do not know.

Examiner Burchmore: Have you any platforms and scales and things of that kind along your line for handling freight?

Mr. Carter: We have no car scales. 3119

Examiner Burchmore: Any platforms for loading cars? Mr. Carter: We have a platform for loading cotton at Camden. Examiner Burchmore: I suppose there are gins there?

Mr. Carter: Gins out in the country, and brought in there; there

is no gin at Camden.

Examiner Burchmore: You have road crews that work on the road?

Mr. Carter: Yes, sir.

Examiner Burchmore: And those men do not work for the lumber company?

Mr. Carter: Those men do not work for the lumber company at all. Examiner Burchmore: You have a station agent at Camden?

Mr. Carter: Yes, sir.

Examiner Burchmore: You have a station agent at Moscow?

Mr. Carter: The agent at Moscow is a joint agent who does the work for both companies, and we pay him a small remuneration.

Examiner Burchmore: You have one train crew?

Mr. Carter: We have one train crew.

3120 Examiner Burchmore: How many employees have you in the general office of the railroad?

Mr. Carter: We have this agent and auditor and secretary, I

reckon you might call him.

Examiner Burchmore: Those men also work for the co-partner-ship?

Mr. Carter: Yes, sir.

Examiner Burchmore: Do you pay them anything for the rail-

road?

Mr. Carter: They are paid by both companies; they are paid by the railroad company and by the partnership, and we pay them in proportion to what service we think they render.

Examiner Burchmore: Their salaries are described in a general

way in the reports to the Commission?

Mr. Carter: Yes, sir.

Examiner Burchmore: How many trains a day do you run?

Mr. Carter: One each way.

Examiner Burchmore: Do you have a time table for the public?

Mr. Carter: Yes, sir.

Examiner Burchmore: Do you distribute a printed form?

Mr. Carter: I don't really know whether we distribute a 3121 published time table or not.

Examiner Burchmore: You get one out anyhow?

Mr. Carter: We have a schedule which has been in force for many years.

Examiner Burchmore: I suppose you connect with the Houston,

East & West Texas trains?

Mr. Carter: We connect with the northbound train; we do not connect with the southbound.

Examiner Burchmore: Do they have to wait over night to make the connection?

Mr. Carter: If a man comes south in the evening at three o'clock he would have to wait until next morning.

Examiner Burchmore: Is that a passenger or a mixed train?

Mr. Carter: Mixed train.

Examiner Burchmore: That is the only train you run?

Mr. Carter: That is the only train we run.

Examiner Burchmore: I believe once in a while you have an extra.

Mr. Carter: Yes, sir.

Examiner Burchmore: How many freight cars are there on that train in the usual run?

Mr. Carter: Usually about five when we have a load; that

3122 is about what we carry.

Examiner Burchmore: You have joint rates on lumber in connection with the Houston, East & West Texas?

Mr. Carter: Yes, sir.

Examiner Burchmore: Are those rates the same from Camden as from Moscow? Mr. Carter: Yes, sir.

Examiner Burchmore: That is true generally?

Mr. Carter: Yes, sir.

Examiner Burchmore: With respect to all rates?

Mr. Carter: With regard to lumber.

Examiner Burchmore: I was referring to lumber.

Mr. Carter: Yes.

Examiner Burchmore: What is your division out on these rates? Mr. Carter: We have division sheets here; that is all I know about

Examiner Burchmore: It is four cents, is it not? Mr. Carter: No, sir-you mean to interstate points? Examiner Burchmore: To interstate points.

Mr. Mantooth: That is the maximum rate, I suppose?

Mr. Carter: Our division sheet is practically this; we get 20 per cent of the amount accruing to all lines south of Fort 3123 Worth and Dallas and the Houston, East & West Texas and its connections have a minimum of eight cents. Now, I do not know what that figures; in some cases I think we get four cents, and it runs down to one.

Examiner Burchmore: I have got this division sheet. This may be obsolete, but it provides that on lumber destined to interstate points via Lufkin, Cleburne and Houston, the Houston, East & West Texas will be allowed four cents per 100 pounds; the excess over four cents received by the Houston, East & West Texas on shipments from Moscow proper to accrue to the Moscow, Camden & San Augustine Railroad, unless otherwise provided for in current division sheet.

Mr. Carter: Well, at one time that was the arrangement, but that is not so now.

Examiner Burchmore: When was your present sheet issued?

Mr. Carter: This is the last one (indicating).

Examiner Burchmore: This is Sunset Central Route, division sheet 480-A, issued December 1, 1909. On lumber to stations on the Sunset Central you are allowed under that division sheet apparently from two and one-half cents to five cents, and the details are set forth

3124 Mr. Carter: Yes, sir.

Examiner Burchmore: To points on other lines in Texas you get 20 per cent of the Sunset Central's proportion?

Mr. Carter: Yes.

Examiner Burchmore: And to interstate points you get 20 per cent of their proportion, receiving for them eight cents to Fort Worth and Dallas?

Mr. Carter: Yes, sir.

Examiner Burchmore: You also have joint class rates to various points?

Mr. Carter: Yes, sir.

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Examiner Burchmore: Do the Texas common point rates apply to stations on your line?

Mr. Carter: Yes, sir.

Examiner Burchmore: It seems out of all rates on grain you get two and a half cents, and on class freight from two cents on class E to as high as 121/2 cents on 1st class freight. Do you happen to remember what your local class rates are?

Mr. Carter: Our local class rates would be made, I suppose, by the

Texas Commission.

Examiner Burchmore: The regular class applies?

Mr. Cowan: That is in the annual report of the Texas Commission.

Examiner Burchmore: It is a fact that these class divisions are a little less than the locals?

Mr. Mantooth: Yes.

Examiner Burchmore: That is sufficient. How about your lumber rate? That is published by the Texas Commission?

Mr. Mantooth: Yes.

Mr. Carter: Do you want one of these statements?

Examiner Burchmore: Is there any objection to filing this statement of record?

Mr. Mantooth: You have copies.

Examiner Burchmore: If there is no objection, we will take them both.

Mr. Mantooth: I have no copy here, but that is all right.

(The paper so offered and identified was received in evidence and thereupon marked Moscow, Camden & San Augustine Railway Exhibit No. 1, witness Carter, received in evidence December 17, 1910, and is attached hereto.)

Examiner Burchmore: Your agent at Camden issues bills of lading to interstate points on lumber?

Mr. Carter: Yes, sir.

Examiner Burchmore: Does he also issue a way bill? 3126 Mr. Carter: I do not know much about the details. I suppose so.

Mr. Lehman: Yes, sir.

Examiner Burchmore: Then you move the lumber from the mill at Camden down to the junction point, just as any other railroad would move it, if there was another railroad there?

Mr. Carter: Yes, sir.

Examiner Burchmore: Have you ever contemplated building across and connecting with the M., K. & T.?

Mr. Carter: Yes, sir.

Examiner Burchmore: Is that an active plan?

Mr. Carter: Yes, sir.

Examiner Burchmore: Have you made surveys?

Mr. Carter: No. Well, we made a survey about half the way. Examiner Burchmore: Is there any special object in view in getting across there?

Mr. Carter: Well, yes, sir. In the year 1907 we got caught with

an immense stock of lumber because of the want of service, and that lumber depreciated \$5.00 or \$6.00 or \$7.00 a thousand, and our idea is if we ever have trouble for service again we will build across there to get service and perhaps get a better division to some point than we get now.

Examiner Burchmore: Then it was primarily a matter of car supply and facilities, and also a matter perhaps of better

divisions, and therefore more profitable operation?

Mr. Carter: Yes, sir.

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Mr. Cowan: If the Examiner will permit at this point, I would like to call attention to the fact that the gentlemen of the Groveton, Lufkin & Northern built from the M., K. & T., because it was a bad service, over to the Houston, East & West Texas.

Examiner Burchmore: I think that counsel would assert, no matter what you connect with, if you can also join with another road.

you get better service?

Mr. Garwood: By connecting with the M., K. & T. he gets right in connection with the International & Great Northern just beyond that.

Mr. Carter: We expect to connect with the M., K. & T. unless we get good service, and whenever you decide what kind of a railroad we are.

Examiner Burchmore: I presume naturally this question affects the future plans. What sort of a town is Camden?

Mr. Carter: It is a saw mill town.

Examiner Burchmore: It is nothing more than a sort of

lumber and mill camp, is it?

Mr. Carter: The town of Camden itself is nothing more than a lumber and mill camp? Well, it is pretty prominent, all But some time ago I had our old county surveyor, for the purpose of information for this Commission, go around that community and figure up the number of people that were within reach within six or seven miles of Camden, principally south, that were served by that railroad, who had no connection whatever with the saw mill; and he figured there were 1,500 people. Now, I had that map and brought it here to this hearing, and I left here last Saturday to go home and left it in my room and it disappeared, and I have not been able to find it. I can have that map reproduced.

Examiner Burchmore: Was it a large map? Mr. Carter: A good large map; yes, sir.

Examiner Burchmore: We desire a map of this line, and if you can give us a map of that line, it does not need to be a beautifully engraved map, but we want it to show the saw mill and the connections of the road with the private tram line, and if you can sketch in the woods, you may.

Mr. Carter: If you will give us time, I will be glad to furnish you a map of the whole country, showing the inaccessibility of the land south of us to railroad facilities. If you take the 3129

Commission map of Texas-

Examiner Burchmore: Well, we have maps of that region which

3130

show those facts, but we want to know the location of your mill and the location of the tracks of the tram road with relation to your road.

Mr. Carter: We will try to do that.

Examiner Burchmore: If you will try to make that map small,

say no larger than this one here, we will appreciate it.

Mr. Carter: Yes, sir.

Mr. Cowan: That is not a map of the land, but of the railroad and its connections.

Mr. Carter: But what I would like to show would be the future

possibilities of that land to the south.

Examiner Burchmore: Yes, but do not take in all of east Texas. Mr. Carter: Well, I would like to take in two counties there. The distance from the Houston, East & West Texas, running from Houston to Shreveport, and of the Texas & New Orleans from Beaumont to Dallas is about 35 or 40 miles, and those streams in that country

run south. It is nearly impossible for those people ten or fifteen miles from either of those railroads to get to those rail-

roads with their goods.

Examiner Burchmore: I had an idea the Livingston & Southeastern came from that direction.

Mr. Carter: I expect that is a defunct corporation or very nearly so.

Examiner Burchmore: It is?

Mr. Carter: Yes, sir.

Examiner Burchmore: Well, they have not appeared here, at least, although cited.

Mr. Carter: Well, they have exhausted that timber.

Examiner Burchmore: There was formerly a small mill or a comparatively small mill at least, located about ten miles from Camden, which shipped over your line. Is that still here?

Mr. Carter: That mill has exhausted its timber and been aban-

doned.

Examiner Burchmore: Have they any other mills on your line?

Mr. Carter: No. There is a shingle mill out on the line which ships some shingles occasionally.

Examiner Burchmore: How much do they ship?

Mr. Carter: Not very much. I suppose three or four car-3131 loads a year, perhaps.

Examiner Burchmore: What is the total extent of your

tonnage per year?

Mr. Carter: I will refer to the statement.

Examiner Burchmore: It is in the statement?

Mr. Carter: Yes, sir.

Examiner Burchmore: Well, we would like the record to show it. This statement shows the total lumber tonnage of 24,405 tons, with a revenue of \$10,708.95; logs, 2,380 tons, revenue, \$358. What about those logs?

Mr. Carter: Well, we hauled a little piece of timber out on the

road over the railroad into the mill.

Examiner Burchmore: You are not making any such haul this year?

Mr. Carter: No.

Examiner Burchmore: The total tonnage of other freight, 1,305 tons; revenue, \$2,322.94, making a total tonnage of 28,090 tons. What percentage of that total tonnage was moved for the W. T. Carter & Brother interest?

Mr. Carter: The tonnage, I think, for W. T. Carter & Brother, in

tons, is about 95 per cent.

Examiner Burchmore: Did you include in that 95 per cent

3132 the merchandise which goes to the commissary?

Mr. Carter: Yes, sir; that is my understanding. Examiner Burchmore: I think that is all.

Mr. Carter: The revenue, however, is about 16 per cent. Examiner Burchmore: Sixteen per cent from the public?

Mr. Carter: Yes, sir.

Mr. Mantooth: You mean 84 per cent?

Mr. Carter: 84 per cent of the total revenue.
Mr. Mantooth: The 16 per cent is created by the public?

Mr. Carter: I want to explain that a little bit. There is lots of the tonnage which comes off for W. T. Carter & Brother, which is for other people and used by other people. We serve through the commissary a great many people that do not buy their stuff direct, but buy from our commissary. It is not shipped in for other people. but for W. T. Carter & Brother, but it is used by people who are not serving the W. T. Carter & Brother interests.

Mr. Mantooth: Not employees of either company? Mr. Carter: Not employees of either company. Mr. Mantooth: What is the life of your charter?

Mr. Carter: I think 50 years.
Mr. Mantooth: What is the life of your timber cuttings now?

Mr. Carter: I do not think exceeding 20 years; that is for

the new plant.

Mr. Mantooth: And state whether or not you have acquired practically all the timber holdings within the territory which you have mentioned that you can acquire.

Mr. Carter: Well, I think very hearly all. There is very little timber left in that territory that is not owned by other corporations

or people.

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Mr. Mantooth: In an area of 15 miles north, 20 miles east and 30 miles south, you own, you say, about one-third of the land holdings?

Mr. Carter: One-third of the land, I think.

Mr. Mantooth: How is the other two-thirds owned or held, if you

Mr. Carter: I think one-third is owned by resident people, settlers, farmers, people who live in there, and the other third owned by non-residents or corporations.

Mr. Mantooth: What per cent of that entire area is considered fairly good agricultural land?

Mr. Carter: The land south of Camden is largely short leaf country, and a very large per cent of it, half of it, is good agricultural land when the timber has been removed. 3134

Mr. Mantooth: From the incipiency of these organizations

and institutions there, I will ask you whether or not you have kept books of account showing the transactions with relation to each other, and to other individuals in connection with either concern?

Mr. Carter: I think those accounts have been kept as absolutely accurate as if W. T. Carter & Brother had no interest in them.

Mr. Mantooth: Have you the original books of account with which you commenced that company?

Mr. Carter: I think so. They are at home.

Mr. Mantooth: They are at home, subject to the inspection of any authority that would be authorized to examine them?

Mr. Carter: Yes.

Mr. Mantooth: Would they show the distinct business relations between W. T. Carter & Brother and the railroad company?

Mr. Carter: Yes, sir, from the very first.

Mr. Mantooth: There is nothing in those books or any dealings outside of what the books show, is there?

Mr. Carter: None whatever.

3135 Mr. Mantooth: Do you own any land along the right of way of the railroad, W. T. Carter & Brother, I mean.

Mr. Carter: We own very little. We own the land for about a mile east, and I think perhaps one other little piece that we lately acquired—a mile west, I mean. I said east. I should have said west. The company owns about one mile west from Camden.

Mr. Mantooth: The balance of it is owned by individuals or cor-

porations?

Mr. Carter: Yes, sir.

Mr. Mantooth: How did you acquire your right of way for the

railroad?

Mr. Carter: The right of way was given by the people of Moscow as a sort of little bonus that they gave to have the road come into Moscow.

Examiner Burchmore: All the way from Camden?

Mr. Carter: Except that owned by the mill company. We owned land for about one mile west of Camden, and the balance of the way the people of Moscow gave the right of way as a part bonus.

Examiner Burchmore: Well, did you meet their generosity by

deeding that mile?

3136 Mr. Carter: It never has been deeded. The railroad has got it.

Examiner Burchmore: It never has paid anything.

Mr. Carter: No.

Mr. Mantooth: That was an inducement to get the road built down there?

Mr. Carter: From Camden to Moscow; yes, sir. There was some thought at the time of building to Corrigan, on account of joining two roads instead of one.

Mr. Mantooth: You understand that the laws of Texas give the Railway Commission authority and require railroads to put their roads in condition and equip them with rolling stock and things of that kind; is that your understanding?

Mr. Carter: Yes, sir.

Mr. Mantooth: That is true of the lines of Texas?

Mr. Carter: Yes, sir. Examiner Burchmore: I understand the Railroad Commission

of Texas assumes that jurisdiction over this road?

Mr. Mantooth: Yes, and can require you to reduce your grade or put heavier steel in, or anything that is required to make a road better for the general public.

Examiner Burchmore: Please omit the details. We know

3137 the fact generally.

Mr. Mantooth: In pursuance of that authority have they

required you to perform any duties in that respect?

Mr. Carter: Well, I do not know whether-perhaps it was the Interstate Commerce Commission's orders about equipment. I think the State Commission has also made some orders about equipment.

Examiner Burchmore: I will request you not to go into those de-

tails. He said they have assumed jurisdiction.

Mr. Mantooth: They have, and here is an order requiring us to make certain equipment, and we ask to file it in the record.

Examiner Burchmore: Do you insist upon it?

Mr. Mantooth: I think it is proper to go into the record. It is an order requiring Mr. Carter to improve certain equipment or change it.

(The paper so offered and identified was received in evidence and thereupon marked Moscow, Camden & San Augustine Exhibit No. 2. witness Carter, received in evidence December 17, 1910, and is attached hereto.)

Mr. Carter: That has been complied with. I think it is for 20,

and we bought 15.

3138 Mr. Mantooth: That was a regular order by the Commission. I wanted to ask you a few questions briefly about the question as to the sale of your lumber, and the different conditions that you would occupy with reference to your mill company if you had no railroad, and I will ask you if the common point rate was reduced upon the lumber in an amount equal to the divisions allowed, and the railroad divisions cancelled, would you as an individual owning an equal amount of stock in the railroad and the saw mill, be on a parity with your competitor in the saw mill business who did not operate a railroad, and received no divisions?

Mr. Carter: Well, I think I would be at a disadvantage to the extent that I have the building and equipping and constructing of a railroad to come up to the requirements of the State Commission and the Interstate Commerce Commission, which is very much in

excess of that of building a common tram road.

Examiner Burchmore: Your disadvantage would be that incident to the additional cost of complying with all the state and interstate laws that apply to common carriers and do not apply to private roads?

Mr. Carter: Yes, sir.

3139 Examiner Burchmore: And that would be your sole disadvantage?

Mr. Carter: Well, practically, yes.

Mr. Mantooth: If the rate from the mill to destination of the lumber was reduced to an amount equal to the divisions your railroad receives, and they were withdrawn, would you, as an individual owning an equal portion of the stock in each company, and if so, why?

Mr. Andrews: That is the same question.

Mr. Mantooth: No, it is not.

Mr. Carter: It is a different question. I will illustrate it. If the through rate, the common point rate, to any particular territory was 20 cents, and if we, the Moscow, Camden & San Augustine, received two cents, if that was a common point rate and the rate then was reduced to 18 cents, and the division to the Moscow, Camden & San Augustine withdrawn, I would lose those two cents as an individual. I would lose it from the simple fact that I would have to sell that at the destination or consuming point for two cents per 100 pounds less, to meet the price of my competitor, if the rate was reduced from all the territory. If the rate was reduced from Camden alone, I would not be injured, because I could maintain the

3140 same price for the product.

Mr. Mantooth: If the rate was reduced just from Camden

von would not be injured?

Mr. Carter: If the rate was reduced just from Camden I would not be injured.

Mr. Mantooth: But if it was a common point reduction you would

be injured?

Mr. Carter: Yes, sir.

Mr. Mantooth: What would be the reasonable difference between building and equipping your railroad necessary to operate it and maintain it as a common carrier and building and equipping a tram road sufficient to supply the demands of your mill?

Mr. Carter: The cost of construction and maintenance is about

double.

Mr. Mantooth: Do you sell your lumber, taking the 1834 cent basis as an illustration, any cheaper where your railroad receives a division of four cents than where it only receives a division of two cents?

Mr. Carter: We do not.

Examiner Burchmore: And the explanation is what?

Mr. Carter: Just simply that we sell on the rate, and we 3141 want whatever we can get out of it. We do not want to rob the saw mill for the railroad, but want each institution to stand on its own bottom. We do this, however, we undertake, so far as the selling office is concerned, not to sell where we do not get divisions. We do that. We operate the wholesale office there, and

if we sell lumber where we do not get divisions we buy it ourselves.

Mr. Mantooth: What would be the difference in the cost of operating your railroad as now operated as a common carrier, and the operating of an ordinary tram road that would supply your de-

mands?

Mr. Carter: The cost of operating is more, for the simple reason

t the railroad has not got sufficient tonnage to keep it busy. Of rse we could operate it for less money per ton, if we had plenty work, but the work they have to do is limited, and the logging pany is all it can do, and it costs more to operate it per ton. Examiner Burchmore: Is not that a conceded fact, it costs you

re to keep up a regular train service and all that than if you simrun your own logging trains?

fr. Carter: Yes.

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Mr. Mantooth: How many trips a week would you have to make in operating an ordinary tram road, to supply your demands?

Mr. Carter: I do not get the question.

Mr. Mantooth: I say about how many trips would you have to ke during a week over that road, if you were running an ordiy tram road, to supply the mill company's demands?

Mr. Carter: If we were supplying the logs over that, it would take

eral trips, because the tonnage is so much greater.

Mr. Mantooth: I mean if it was a tram road instead of a railroad, ald you have to make a trip a day from the mill to your tram d?

Mr. Carter: I do not get the question.

Mr. Mantooth: I say if you had no railroad and were operating a m road from your mill to the Houston, East & West Texas

Mr. Carter: And hauling the lumber?

Mr. Mantooth: And hauling the lumber only.

Mr. Carter: Well, if we did not have to carry it except when we ready, of course we would not have to make so many trips.

Mr. Mantooth: About how many trips would you have to make during the week? Mr. Carter: I suppose we could do the business by making

a trip every other day.

Mr. Mantooth: That is all.

Mr. Cowan: But it would cost you just as much to own a railroad make a trip on every other day as it would to make a trip every

Examiner Burchmore: I think he has explained that he did not nk it would, and there are some reasons that are apparent. only had to run the engine over it every other day it would not as expensive as it would to operate it every day.

Mr. Cowan: I said to own the railroad. Well. Mr. Carter, I just nted to know if I understood you. You answered Mr. Mantooth t you sell your lumber at the same price where you get the

isions and where you do not.

Mr. Carter: No, we try not to sell our lumber where we do not get v division, but we do not make a difference on the 1834 cent rate. ere are some places we get four cents, but other places we would get over one or two cents, and we do not make any difference in king quotations at those places, and do not make any difference

in making sales at those places. We simply do not want to 44 cut the market and want the two institutions to stand on

their own bottoms.

Mr. Cowan: I suppose if you sell at a point in Texas where the rate is 14 cents, you sell at the same delivered price that you do where it is 21 or 22 cents.

Mr. Carter: We do not do that.

3145 Mr. Cowan: Well you sell at a delivered price?

Mr. Carter: We sell at a delivered price, but if the rate is 14 cents we make the same price to the 14 cent point regardless of whether we get 2 cents or 4 cents. We do not sell lumber on the 14 cent rate, at the same price we sell it on the 15 cent.

Mr. Cowan: In other words the freight rate enters into the price

of the lumber as delivered?

Mr. Carter: The through freight rate enters into the price, but

the division does not, that is the point, and that is the fact.

Mr. Cowan: Suppose they gave you a division of half of it, would that affect it?

Mr. Carter: I do not know.

Mr. Cowan: Well, they do do that in some of these cases here, take some of the Arkansas mills.

Mr. Carter: Perhaps if I had a very large division and had an opportunity of getting a very large order I might make a difference, but just selling a carload or two, the idea is to maintain the market.

Mr. Cowan: Do you give it as an expression of your opinion as a business man that the fact of receiving divisions and the amount of the divisions does not affect the price of the lumber.

Mr. Carter: I do not believe that the average man who owns a tap line or gets a division, of course where they get great large ones it may enter into making the price but ordinarily I do not believe it does.

Mr. Cowan: Now somebody is fixing the price of this lumber-

Mr. Carter: If you will allow me to make a suggestion?

Mr. Cowan: Well?

Mr. Carter: I do not know whether the Interstate Commerce Commission has the authority or not, but I would suggest to settle that question of price that the Interstate Commerce Commission require those mills who have not any tap lines and those mills who have tap lines to file a sworn report for 12 months back showing the average price of the products.

Mr. Cowan: That would result in what, showing it was the same,

would it not?

Mr. Carter: It would result in showing who is selling cheap lumber and who is not.

Mr. Cowan: The lumber sold in Waco has got to be sold 3147 at the same price for the same quality by everybody who sells it there, you know that?

Mr. Carter: Well, practically.

Mr. Cowan: The man who has the cheaper price fixes the price and sets the price.

Mr. Carter: That is a question.

Mr. Cowan: That is hardly open to debate.

Mr. Carter: That is a question you want to get, and you can get the facts.

Examiner Burchmore: I wonder if the Forestry Service can de-

termine it.

Mr. Carter: I do not know whether they have authority to get that information or not. If you have authority to do it, you ought to do it.

Examiner Burchmore: Your suggestion is in the record. Mr. Lehman: We make a report to the Forestry Service.

Mr. Cowan: Do you think the mill finally gets the delivered price? The f. o. b. price is the price.

Mr. Carter: The mill price is the price.

Examiner Burchmore: Don't you think we can get the best in-

Mr. Cowan: I was trying to get an admission I thought
3148 Mr. Carter would have to make. He has answered that the
divisions do not affect the price and he answers they affect
the price because they all sell it at the same price. Of course they do.

Mr. Carter: We do not all sell at the same price. One man will come along and sell for 50 cents or \$1 less. The price varies,

Mr. Cowan: You are extensively engaged in the business and undoubtedly are a very intelligent and a very honest man. Do you not know it to be a fact that for the last four years, three years anyway, since lumber took such a tumble, that the people manufacturing lumber are endeavoring to make sales wherever they can in order to keep the mills in operation?

Mr. Carter: Yes, sir.

Mr. Cowan: Don't you know it is a fact that the dealer is having more to do with fixing the price than the mill man?

Mr. Carter: Yes, sir.

Mr. Cowan: Don't you know the mill man is trying to meet the prices therefore which the dealer is willing to offer?

Mr. Carter: I do not get the question.

3149 Mr. Cowan: The mill man is trying to meet the price which the retailer is trying to pay.

Mr. Carter: He is trying to meet the price of his competitor, yes.

Mr. Cowan: And in a multitude of competitors you have to look out and see what your competitor is offering to sell at, is not that true?

Mr. Carter: Yes, sir.

Mr. Cowan: And your mill man goes out and he meets the bid that has been made by others if he can find out what it is?

Mr. Carter: Yes, sir.

Mr. Cowan: And he then finds whether you are willing to meet that price?

Mr. Carter: Yes.

Mr. Cowan: And if you are you get the business?

Mr. Carter: If they give it to us.

Mr. Cowan: You are willing to meet it or not, dependent upon whether you have a profit in the transaction; is not that it?

Mr. Carter: Well, I really think some of them claim they are selling without any profit.

3150 Mr. Cowan: That may be so, but the man who has the most profit in his manufacturing enterprise has got the ad-

vantage in making the sale.

Mr. Carter: Oh, I will admit freely that perhaps as a whole investment, if a man has got a saw mill and has got a logging road that is not chartered, and another man has got a saw mill and a logging road similar or practically the same, that man has got an advantage on the whole investment, but whether or not he gives it to the dealer, reduces the price of lumber is another question.

Mr. Cowan: And it will depend upon the circumstances of the financial and commercial transaction, on the commercial business

of selling lumber necessarily?

(No reply.)

Mr. Cowan: Don't you find it to be a fact in your own case that certain institutions in Louisiana who are largely interested and extensive dealers put you right down to the bottom and you have to meet the very bottom price in order to sell?

Mr. Carter: I do not find it worse from Louisiana than from any

other source. They are all making the price.

Mr. Cowan: You do know there are certain institutions

who are pressing the Texas people pretty hard? 3151

Mr. Carter: I do not know. In the first place I am not manager of the sales and do not keep much track of it.

Mr. Cowan: I imagine you have pretty good knowledge, how-

Mr. Carter: You are mistaken.

Examiner Burchmore: Are we getting much useful information?

Mr. Cowan: We have not until the last question.

Examiner Burchmore: If you desire to continue it I have no ob-

Mr. Cowan: I do not expect Mr. Carter is such a person and I knew he would be bound to admit that the commercial side was

bound to find its way into the tap line situation.

Mr. Carter: Why does not the fellow who has the saw mill and the railroad all practically the same avail himself and get a charter like the balance of us and get the division? It is open to him.

Mr. Cowan: I am not on the witness stand. Mr. Carter: Well, that is the question.

Examiner Burchmore: How about the man who has the oxen and wagon?

3152 Mr. Carter: I don't know.

Examiner Burchmore: He has not the capital, is the reason he does not build it, but after all that is in the realm of argument.

Mr. Cowan: He is a retired bankrupt, the man that has not got a tap line. A man who logs with teams is a retired bankrupt.

Mr. Mantooth: I wanted to ask just one more question.

Mr. Carter: Have you had occasion within the last twelve months to investigate to any extent the question as to whether the lumber has been sold cheaper by Louisiana manufacturers than by Texas manufacturers?

Mr. Carter: No, sir; I have not.

Examiner Burchmore: Do you know anything about that?

Mr. Mantooth: I know something about it as a lawyer, having gone into this question at Austin and other places.

Mr. Carter: I only know that from common rumor; I do not know

anything of my own knowledge.

Mr. Mantooth: I supposed you were in the investigation and looked at the figures we had at Austin?

Mr. Carter: No.

3153 Examiner Burchmore: You will file a map?

Mr. Mantooth: Yes, sir.

Examiner Burchmore: And a statement of tonnage?

Mr. Mantooth: Yes, sir, if it is not in the statement already filed we will comply with the order already entered.

(Witness excused.)

Examiner Burchmore: There is only one more case on the active call and that is the Caro Northern.

3154 Caro Northern Railroad.

T. Tilford, was called as a witness and having been duly sworn, testified as follows:

Examiner Burchmore: You are an officer of the Caro Northern Railway?

Mr. Tilford: Yes, sir.

Examiner Burchmore: What is your office?

Mr. Tilford: Traffic Manager.

Examiner Burchmore: Are you an officer of any lumber company, and if so what one and what office?

Mr. Tilford: No, sir.

Examiner Burchmore: The Saner-Whitman Lumber Company has mills located on your line?

Mr. Tilford: Yes, sir.

Examiner Burchmore: It is understood I believe that there is some relationship between the two companies?

Mr. Tilford: Yes, sir.

Examiner Burchmore: Is it not a fact that the stockholders of that lumber company own the stock of the Caro Northern?

Mr. Tilford: They practically own stock in the two corporations in about the same proportion, yes, sir.

3155 Examiner Burchmore: There are a few shares outstanding I presume in directors' hands.

Mr. Tilford: In the directors of the lumber company. Examiner Burchmore: And of the railroad company?

Mr. Tilford: Yes, sir.

Examiner Burchmore: You say the holdings are substantially identical?

Mr. Tilford: The directors are stockholders, yes, sir.

Examiner Burchmore: Are there any differences in the stocknolders of the two companies?

Mr. Tilford: Well, it is very slight.

Examiner Burchmore: The Caro Northern connects, as I understand it, with the Texas & New Orleans Railroad in the town of Caro, Texas.

Mr. Tilford: Yes, sir.

Examiner Burchmore: And the Saner-Whitman Lumber Company has a saw mill and planer near the junction point?

Mr. Tilford: Yes.

Examiner Burchmore: But neither the saw mill nor the planer are located immediately adjacent to tracks owned by the Texas & New Orleans Railroad?

Mr. Tilford: No.

Examiner Burchmore: They are served only by the rails 3156 of this company?

Mr. Tilford: Yes. sir.

Examiner Burchmore: Is there any other mill owned by this lumber company?

Mr. Tilford: No. sir.

Examiner Burchmore: The line as I understand it extends from Caro in a generally northerly direction for about 18 miles.

Mr. Tilford: About 19 miles, including the switches and spurs. Examiner Burchmore: To the town of Mount Enterprise?

Mr. Tilford: Yes. sir.

Examiner Burchmore: I notice Mount Enterprise, as charted on your map here, there is a depot. Mr. Tilford: Yes, sir.

Examiner Burchmore: That is your depot?

Mr. Tilford: Yes, sir.

Examiner Burchmore: Then there is a stock yard?

Mr. Tilford: Yes.

Examiner Burchmore: Those are your stock yards?

Mr. Tilford: Yes, sir.

Examiner Burchmore: And a cotton gin? 3157

Mr. Tilford: Yes, sir.

Examiner Burchmore: No saw mill operations there?

Mr. Tilford: Yes, sir.

Examiner Burchmore: You refer to Langford's Mill?

Mr. Tilford: Yes, sir.

Examiner Burchmore: That is a couple of miles from Mount Enterprise?

Mr. 'Tilford: No, that blue print is not drawn to scale.

Examiner Burchmore: It is within the town of Mount Enterprise?

Mr. Tilford: It is within the outskirts.

Examiner Burchmore: Who owns that mill?

Mr. Tilford: Langford.

Examiner Burchmore: Do they make shipments over your line? Mr. Tilford: Yes, sir.

Examiner Burchmore: What amount?

Mr. Tilford: I should judge a car and a half a day on the average. Examiner Burchmore: How much lumber does the Saner-3158

Whitman Lumber Company manufacture a day?

Mr. Tilford: I do not know about what they manufacture: they ship four or five cars a day depending on the car supply.

Examiner Burchmore: As against one and a half from the Lang-

ford mill?

Mr. Tilford: Yes, sir.

Examiner Burchmore: Do you have much stock originating at that stock yard at Mount Enterprise?

Mr. Tilford: Not a great deal.

Examiner Burchmore: How many carloads will it amount to in a vear?

Mr. Tilford: I suppose 30 to 40 a year. Examiner Burchmore: How much cotton?

Mr. Tilford: Approximately 2000 bales each year.

Examiner Burchmore: I notice on this map the Garrison mill.

Mr. Tilford: Yes.

Examiner Burchmore: The Prince and Parrot mill? Mr. Tilford: Yes.

Examiner Burchmore: And the Van Sickle mill?

Mr. Tilford: Yes.

3159 Examiner Burchmore: Those are located a distance of a mile or two from your line?

Mr. Tilford: Yes, sir, they are not directly on the railroad but we

serve them.

Examiner Burchmore: They have to team their mill product across to the railroad?

Mr. Tilford: Yes, sir.

Examiner Burchmore: At Strongfield Station?

Mr. Tilford: Yes, sir.

Examiner Burchmore: Can those mills team across to your station and compete successfully with the mill at Caro?

Mr. Tilford: They do not, do any more teaming than the Saner-

Whitman Company.

Examiner Burchmore: Now what teaming does the Saner-Whitman Lumber Company do?

Mr. 'Tilford: They haul them to the logging roads and put them

on the cars and haul them up to the main line.

Examiner Burchmore: You have private logging trams which connect with your main line at Hutch?

Mr. Tilford: Near there.

Examiner Burchmore: Also one connecting between Hutch and Kearsey?

Mr. Tilford: That is the old logging road. It has been taken up. They run on about ten miles into the woods.

Examiner Burchmore: No other tram roads besides these connect with the railroad?

Mr. Tilford: No.

3160

Examiner Burchmore: I notice that the Houston East & West

Texas lines immediately north of this line? a distance of a few miles parallel your line?
Mr. Tilford: Yes, sir, 12 or 14 miles.

Examiner Burchmore: Any other railroad in the immediate vicinity?

Mr. Tilford: The I. & G. N., and the Timpson & Henderson

railroads. Examiner Burchmore: Mount Enterprise is not so very far east

of the Timpson & Henderson? Mr. Tilford: It might be called east or southeast.

Examiner Burchmore: And it is only four or five miles from the International & Great Northern?

Mr. Tilford: It is farther than that. That scale is not right there. I just drew that up to show the situation; it is not drawn 3161 to scale, it is about 14 miles to Henderson on the I. & G. N. Examiner Burchmore: Do you purpose putting this in

evidence?

Mr. Tilford: If you will accept it without it being drawn to

Examiner Burchmore: If you will give us a map like this drawn to scale, a smaller scale, this is exactly what we want.

Mr. Tilford: I will be glad to do it.

Examiner Burchmore: What sort of a railroad is the Timpson &

Mr. Tilford: I don't know much about that road.

Mr. Saner: I will tell you about that.

Examiner Burchmore: It is quite a railroad?

Mr. Saner: A good railroad, good steel, substantial roadbed, new equipment, new engines and new passenger cars.

Examiner Burchmore: Owned by the Ragley Lumber Company? Mr. Saner: I could not accurately state. There are a good many stockholders who are not in that company.

Examiner Burchmore: Have you contemplated making a con-

nection to either one of these other railroads?

Mr. Tilford: Yes, sir; we have discussed it from time to me. The owner of the Timpson & Henderson has recently 3162 bought stock in our road.

Examiner Burchmore: What is the extent of his holdings?

Mr. Tilford: I think it is about \$7500.

Examiner Burchmore: Your total capitalization is what?

Mr. Tilford: \$100,000.

Examiner Burchmore: So he has \$7500 out of \$100,000?

Mr. Tilford: Yes, sir.

Examiner Burchmore: Does he own any interest in this lumber company?

Mr. Tilford: No, sir; not any.

Examiner Burchmore: By the owner you refer to Mr. Ragley? Mr. Tilford: Of the Timpson & Henderson, yes, sir; he and his associates.

Examiner Burchmore: When was this mill at Caro opened for operation?

Mr. Tilford: It was operating when I went there in 1906. I understand about 18 months.

Examiner Burchmore: It was probably opened about 1904?

Mr. Tilford: Yes, sir.

3163 Examiner Burchmore: When was the railroad begun? Mr. Tilford: September, 1906.

Examiner Burchmore: After the mill was built?

Mr. Tilford: Yes, sir.

Examiner Burchmore: How did they get their logs to the mill before the road was built?

Mr. Tilford: They bad an old tram road extending in an opposite rection.

Examiner Burchmore: It is plotted on this plot?

Mr. Tilford: Yes, sir.

Examiner Burchmore: They used to bring their logs in from the other side of the Texas & New Orleans railroad?

Mr. Tilford: Yes.

Examiner Burchmore: Was it incorporated?

Mr. Tilford: No.

Examiner Burchmore: Did they get any divisions on that tram? Mr. Tilford: No.

Examiner Burchmore: Then they built this railroad in 1906?

Mr. Tilford: Yes, sir.

Examiner Burchmore: When was it completed to Mount Enterprise, immediately thereafter?

Mr. Tilford: Yes, sir; when I got there it was about finished to Mount Enterprise.

Examiner Burchmore: They built it right through as one thing?

Mr. Tilford: Yes, sir; it was built at one time.

Examiner Burchmore: The old tram of the Saner-Whitman Lumber Company that runs over from a connection between Hutch and Kearsey, when was that laid out, immediately after this road was completed?

Mr. Tilford: That tram there was in another location formerly and was taken up about six or eight months ago and was placed

down where it now stands.

3165 Examiner Burchmore: As a matter of fact immediately after the completion of this road private trams were opened up into the woods and they have been moved from time to time.

Mr. Tilford: Yes, sir.

Examiner Burchmore: That is the substance of the transaction?

Mr. Tilford: Yes, sir.

Examiner Burchmore: What is the weight of the rail in this railroad?

Mr. Tilford: 52 pounds.

Examiner Burchmore: Is the road ballasted?
Mr. Tilford: Well, with sand and slag on it.
Examiner Burchmore: Is it graded?

Mr. Tilford: Yes, sir.

Examiner Burchmore: Are there any hills down there?

Mr. Tilford: It is a good grade.

Examiner Burchmore: Substantially level?

Mr. Tilford: The maximum grade is 1.36. I think.

Examiner Burchmore: Any extreme curves?

Mr. Tilford: I do not know the degree of the curves: I do not regard any of them as extreme.

Examiner Burchmore: Do you cross any streams?

3166 Mr. Tilford: Yes, sir.

Examiner Burchmore: What bridges have you?

Mr. Tilford: Wooden bridges,

Examiner Burchmore: Will they hold 100,000 pound cars?

Mr. Tilford: Yes, sir.

Examiner Burchmore: Take anything you could move over the line?

Mr. Tilford: Yes, sir, without any trouble.

Examiner Burchmore: You say the total capitalization of this road is \$100,000?

Mr. Tilford: Yes, sir.

Examiner Burchmore: Was that stock sold? How was the road

Mr. Tilford: Stock was issued to the stockholders. Examiner Burchmore: To whom was it issued?

Mr. Tilford: To individuals.

Examiner Burchmore: Who were those individuals, connected with the lumber company?

Mr. Tilford: They were stockholders of the lumber company. Examiner Burchmore: They got this stock as kind of a dividend?

Mr. Tilford: I do not think so, no. They borrowed the 3167 money as individuals and built the railroad and issued the

Examiner Burchmore: They borrowed the money as individuals. but did they not borrow it as a collection of individuals, an association of people.
Mr. Tilford: No.

Examiner Burchmore: Did they give individual notes-

Mr. Tilford: That is my understanding.

Examiner Burchmore: Was it not a joint note?

Mr. Tilford: They never issued any note as a lumber company not that I know of.

Examiner Burchmore: Then you say these individual stockholders practically put up the money for the stock?

Mr. Tilford: Yes.

Examiner Burchmore: And with the money thus raised-it amounted to \$100,000?

Mr. Tilford: It was more than that. The railroad cost about \$109,000 but only \$100,000 was issued against it.

Examiner Burchmore: And with that money they built the road? Mr. Tilford: Yes.

Examiner Burchmore: Where did they get the \$9,000?

Mr. Tilford: It was part of the indebtedness they owe the 3168

Examiner Burchmore: Did they have any bonds?

Mr. Tilford: No.

Mr. Saner: A small part of that went as a bonus for building the

Examiner Burchmore: They got a bonus of how much?

Mr. Staner: Approximately \$9,000.

Examiner Burchmore: From the town of Mt. Enterprise? Mr. Tilford: Yes.

Examiner Burchmore: How much of a town was that?

Mr. Tilford: Only about 1200 people, I guess.

Examiner Burchmore: They issued some city bonds? Mr. Tilford: No, they gave us the right of way and a half interest in the town site company.

Examiner Burchmore: Then Mt. Enterprise is perhaps a com-

pany town?

Mr. Tilford: No, it is more of a farming town. Examiner Burchmore: Have you any stores there?

Mr. Tilford: No.

Examiner Burchmore: Have you any stores along the line? Mr. Tilford: No.

Examiner Burchmore: I refer to the lumber company. 3169

Mr. Tilford: No, they have not. Examiner Burchmore: You have a contract between this railroad and the Saner-Whitman Lumber Company, dated October 1st, 1909, and a copy of that contract or what purports to be a copy is on file with the Commission. Are you familiar with that con-

Mr. Tilford: I might be if I knew the substance of it.

Examiner Burchmore: The substance is that the Saner-Whitman Lumber Company received from the Caro Northern the right to run its logging trains over this road up to the mill upon the payment of 25 cents per train mile?

Mr. Tilford: Yes, sir.

Examiner Burchmore: I suppose for empty trains as well as

Mr. Tilford: Yes,

Examiner Burchmore: Is that contract still in effect?

Mr. Tilford: Yes.

Examiner Burchmore: They are still operating logging trains? Mr. Tilford: Yes, sir.

Examiner Burchmore: Then I presume from that fact that this Saner-Whitman Lumber Company has private logging 3170 equipment?

Mr. Tilford: Yes, sir.

Examiner Burchmore: And it has locomotives of its own?

Mr. Tilford: Yes.

Examiner Burchmore: And the logs are hauled into the mill by the lumber company?

Mr. Tilford: Yes.

Examiner Burchmore: Now, of course there is no billing on there?

Mr. Tilford: No.

Examiner Burchmore: That 25 cents a car mile amounts to how much on a train?

Mr. Tilford: 25 cents a train mile, it is.

Examiner Burchmore: Do you hauf it ten miles?

Mr. Tilford: About eight miles out and back, which is sixteen.

Mr. Cowan: \$2.00 for eight miles. Examiner Burchmore: It would be \$4.00 per round trip.

Mr. Tilford: Yes.

Examiner Burchmore: How many cars have you in the train? Mr. Tilford: Anywhere from 10 to 15.

Examiner Burchmore: Say an average of 12?

3171 Mr. Tilford: Yes.

Examiner Burchmore: 12 cars and \$4.00 a train would be about 33-1/3 cents a car. That is what it costs this lumber company to get logs into the mill plus the cost of operation of the trains, of course.

Mr. Tilford: Yes.

Examiner Burchmore: Have you any statistics as to the cost of getting the logs to the mill?

Mr. Tilford: No, it pertains to the lumber company entirely.

Examiner Burchmore: The railroad company, as I understand it, does handle the lumber from the mill over to the connection with the Texas & New Orleans?

Mr. Tilford: Yes, we perform four distinct movements there on

the empties and on the loads.

Examiner Burchmore: How is that, four movements, two in and

two out?

Mr. Tilford: We sent the locomotive up to the interchange track at the T. & N. O. depot which is also a joint track, we pay a portion of the expense; we pull the empty car down on to our holding track and then replace the empty car to the various industries as

172 it may be demanded, or to the cotton gin or the platform.

I should say, and then when the lumber is loaded out at the

I should say, and then when the lumber is loaded out at the mill we switch it to our weighing track and weigh the shipment and then move it back up to the T. & N. O. interchange track.

Examiner Burchmore: Then you have a track scales?

Mr. Tilford: Yes, sir.

Examiner Burchmore: Are any bills of lading issued on the lumber out of the Saner-Whitman mill?

Mr. Tilford: No.

Examiner Burchmore: I say on the lumber when it moves out to interstate destinations, do you issue bills of lading?

Mr. Tilford: Not from the mill but from the railroad station. We have a depot there.

Examiner Burchmore: From what station?

Mr. Tilford: The Caro Northern Railroad station, our station; Wydeck, we call our station.

Examiner Burchmore: You have two depots in the vicinity of Caro?

Mr. Tilford: Yes.

Examiner Burchmore: Your depot is Wydeck and how far is it from Wydeck to the joint station at Caro by rail?

Mr. Tilford: About .6 of a mile.

Examiner Burchmore: Then from Wydeck a bill of lading is issued by the Caro Northern?

Mr. Tilford: Yes, sir.

Examiner Burchmore: And that bill of lading will carry the shipment up to St. Louis or wherever it is going?

Mr. Tilford: Yes.

Examiner Burchmore: You have an agent at Wydeck.

Mr. Tilford: I act as agent.

Examiner Burchmore: Well, you also work for the lumber company?

Mr. Tilford: No.

Examiner Burchmore: Do you issue a waybill?

Mr. Tilford: Yes, sir.

Examiner Burchmore: And that agrees with the bill of lading?

Mr. Tilford: Yes.

Examiner Burchmore: And the point of origin shown in those papers is Wydeck?

Mr. Tilford: Yes.

Examiner Burchmore: Is the rate from Wydeck to interstate points the same as from Caro on the Texas & New Orleans rails?

Mr. Tilford: Yes.

3174 Examiner Burchmore: What is your division?

Mr. Tilford: Three-quarters of a cent to four cents.

Examiner Burchmore: What is it on state traffic?

Mr. Tilford: You mean on interstate?

Examiner Burchmore: What do you get on state traffic?

Mr. Tilford: We do not get four cents on interstate business. Three is the maximum on interstate business and four cents applies on state business.

Examiner Burchmore: Your state business varies from threequarters of a cent to four cents?

Mr. Tilford: Yes.

Examiner Burchmore: And interstate three quarters of a cent to three cents?

Mr. Tilford: Yes.

Examiner Burchmore: And for that service you perform the service of hauling the lumber from the mill over to the track of the T. & N. O. as indicated?

Mr. Tilford: Yes.

Examiner Burchmore: Are the general officers of this railroad paid for their services to the railroad?

Mr. Tilford: Yes.

3175 Examiner Burchmore: All of them?

Mr. Tilford: Yes.

Examiner Burchmore: Please give me the salaries of the general officers who are officers of the railroad who are not officers of the lumber company. I do not care to know the salaries of any one who does not work for the lumber company. The President is president of both companies?

Mr. Tilford: Yes.

Examiner Burchmore: What is his salary from the railroad?

Mr. Tilford: \$100 a month.

Examiner Burchmore: He does not do any actual work for the railroad, does he?

Mr. Tilford: Yes, sir, I think he does. Examiner Burchmore: Very much.

Mr. Tilford: Well, he exercises general executive duties. He goes out and inspects the line and attends to the general legal matters and claims.

Examiner Burchmore: He is an attorney?

Mr. Tilford: Yes.

Examiner Burchmore: Is the Vice-President a salaried officer?

Mr. Tilford: No.

3176 Examiner Burchmore: Any other officer of the railroad receive a salary?

Mr. Tilford: The general manager.

Examiner Burchmore: Are you the general manager?

Mr. Tilford: No.

Examiner Burchmore: Is he an officer of the lumber company also?

Mr. Tilford: Also, yes, sir.

Examiner Burchmore: How much does he get from the rail-road?

Mr. Tilford: \$100 a month.

Examiner Burchmore: Is his salary proportionate to his services?

Mr. Tilford: Yes.

Examiner Burchmore: Are the railroad company's salaries to those officers really proportionate to their service?

Mr. Tilford: I think so, yes, sir.

Examiner Burchmore: Have you any employés?

Mr. Tilford: Only one of the assistants to one of our agents.

Examiner Burchmore: He does not work for the lumber company?

3177 Mr. Tilford: No.

Examiner Burchmore: That is your assistant there?

Mr. Tilford: No, the assistant to the joint agent, part of which is paid by the railroad.

Examiner Burchmore: You share in the expense of that depot?

Mr. Tilford: Yes.

Examiner Burchmore: I suppose you have some contract with the T. & N. O.?

Mr. Tilford: Yes.

Examiner Burchmore: Do you run any passenger trains?

Mr. Tilford: Yes.

Examiner Burchmore: I did not ask you what equipment you had, did I?

Mr. Tilford: No, we have two locomotives, one passenger coach and 2 box cars.

Examiner Burchmore: Now, you run a regular train on schedule, I suppose?

Mr. Tilford: Yes, sir.

Examiner Burchmore: More than one train? Mr. Tilford: No, just one trip a day out and back. Examiner Burchmore: That train meets the Texas & New Orleans trains?

Mr. Tilford: Both ways, yes, sir. 3178

Examiner Burchmore: Is it a mixed train?

Mr. Tilford: Yes.

Examiner Burchmore: Do you publish a time table?

Mr. Tilford: Yes.

Examiner Burchmore: What is the extent of your passenger

Mr. Tilford: Between 5,000 and 6,000 passengers, I should think, in the last fiscal year.

Examiner Burchmore: And you do not remember what the revenue from those passengers was?

Mr. Tilford: About \$1700 approximately; I do not remember exactly.

Examiner Burchmore: For the year?

Mr. Tilford: Yes.

Examiner Burchmore: Has your traffic in passengers increased this year very materially?

Mr. Tilford: Well, it has increased slightly; I do not think it has

much.

Examiner Burchmore: Can you inform us with respect to your freight tonnage, did you handle any logs last year as a railroad?

3179 Mr. Tilford: No.

Examiner Burchmore: Did you ever handle any logs as a railroad?

Mr. Tilford: Why, 18 months or two years ago we handled them,

Examiner Burchmore: You formerly handled the logs for the lumber company?

Mr. Tilford: Yes.

Examiner Burchmore: In fact until 18 months or two years ago the lumber company did not haul its own logs?

Mr. Tilford: No.

Examiner Burchmore: You did it for them?

Mr. Tilford: Yes.

Examiner Burchmore: Do you remember what the charge was? Mr. Tilford: \$1.50 a car.

Examiner Burchmore: That was entirely independent of any kind of division?

Mr. Tilford: Well-

Examiner Burchmore: You got that and the divisions out of the lumber rates besides?

Mr. Tilford: No.

Examiner Burchmore: It reverted back to the lumber 3180 company; it was a milling in transit proposition at that time. Mr. Saner: Just in that connection the full authority is under the rules given on pages 95 and 96, Volume 18, of the Texas Railway Commission reports.

Examiner Burchmore: I do not believe we need go into that.

will appear in this connection that for the past fiscal year you handled no logs?

Mr. Tilford: No.

Examiner Burchmore: Do you remember how much lumber you handled last year?

Mr. Tilford: About 35,000 tons.

Examiner Burchmore: How much of that was furnished by the Saner-Whitman Lumber Company?

Mr. Saner: Have you a statement on that?

Examiner Burchmore: Please give me the general figures. Mr. Tilford: I have it in carloads. Will that answer?

Examiner Burchmore: That will answer.

Mr. Tilford: For the period from July 1st, 1909, to July 1st, 1910, the tonnage account of the Saner-Whitman Lumber Company, lumber 897 cars; account of the shippers 451 cars; cotton and cottonseed 62 cars; for other shippers, the Saner-Whitman

3181 Company of course not being interested in cotton and cottonseed. On other commodities such as grain and grain products, feed, flour, fertilizer, and so forth, the account of the lumber company was 98 cars and that on account of other shippers 134 cars. The total account of the lumber company was 995 cars and for account of other shippers 647 cars.

Examiner Burchmore: Have you the revenue on that, Mr. Til-

ford?

Mr. Tilford: No.

Mr. Saner: You know what the revenue was?

Mr. Tilford: About 50 per cent.

Examiner Burchmore: What per cent of the tonnage was fur nished by lumber?

Mr. Tilford: Between 55 and 60 per cent of the total tonnage.

Examiner Burchmore: Was the mill run full blast during that period?

Mr. Tilford: Yes.

Examiner Burchmore: That is, it was not idle?

Mr. Tilford: No.

Examiner Burchmore: How much lumber did other mills on the line furnish?

3182 Mr. Tilford: 451 cars.

Examiner Burchmore: As against your how many?

Mr. Tilford: Against the Saner-Whitman Lumber Company 897

cars.

Examiner Burchmore: That is about two thirds of the lumber traffic is for the Saner-Whitman Lumber Company?

Mr. Tilford: Yes.

Mr. Saner: Can you not bring it on down to date for the Commis-

sion so far this year?

Mr. Tilford: July 1st, 1910, to December 1st, account of the Saner-Whitman Lumber Company, lumber 352 cars; other shippers 141 cars. Cotton and cottonseed, other shippers 84 cars; other commodities account of the lumber company, 37 cars, and other ship-

pers 45 cars; total account of lumber company 389 cars; account of other shippers 270 cars.

Examiner Burchmore: About the same proportion, is it not? Mr. Tilford: Yes, sir, just about the same; it leaves a less than 60 per cent furnished by the lumber company of the total tonnage. Shall I file it as part of the record?

Examiner Burchmore: Yes.

(The paper so offered and identified, was received in evi-3183 dence and thereupon marked Caro Northern Exhibit No. 1. Witness Tilford, received in evidence December 17th, 1910, and is attached hereto.)

Examiner Burchmore: You comply with the Acts of Congress respecting accidents and safety appliances, and so forth, as far as you are advised?

Mr. Tilford: Yes.

Examiner Burchmore: Does the State Commission of Texas rec-

ognize this as a common carrier railroad?

Mr. Tilford: Yes, sir, the present Chairman of the Commission and Governor-elect were over personally to inspect the road and went over it.

Examiner Burchmore: When did they accord you that recogni-

tion?

Mr. Tilford: That was in March, 1907.

Mr. Saner: What was the length of the life of the company by the charter?

Mr. Tilford: 50 years.

Mr. Saner: What is the length of the timber holdings by the company there, how much longer before they will be cut out?

Mr. Tilford: About four years, I judge.

Mr. Saner: Was it intended when the company was or-3184 ganized to continue that road as a permanent railroad?

Mr. Tilford: Yes. Mr. Saner: State the amount of holdings of land by this lumber company in that vicinity now and the condition of the country? Mr. Tilford: Land and timber rights?

Mr. Saner: Land.

Mr. Tilford: They do not own any land at present. They have recently sold 62,000 acres approximately to eastern capitalists, to a syndicate with a view of settling up the country and bringing in more farms.

Mr. Saner: That is under progress now?

Mr. Tilford: Yes.

Mr. Saner: Buying lots as the timber is cut off?

Mr. Tilford: Yes.

Mr. Saner: It is contemplated they will buy it entirely within the four years?

Mr. Tilford: Yes.

Mr. Saner: Has there been any development of that country prior to that time in the truck line, demonstration farms, at Winder?

3185 Mr. Tilford: Yes.

Mr. Saner: How many cars did you haul from there just one season?

Mr. Tilford: 15.

Mr. Saner: How many bales of cotton have you hauled this season from off the line?

Mr. Tilford: I do not know exactly: I think about 1,780 bales.

Mr. Saner: And more to come?

Mr. Tilford: Yes.

Mr. Saner: You will haul approximately how much?

Mr. Tilford: There will be over 2,000 bales, I am satisfied. Mr. Saner: How many stations and station agents have you on

that line?

Mr. Tilford: Do you mean counting flag stops?

Mr. Saner: Well, no, you need not count the flag stops but permanent stations and buildings more especially.

Mr. Tilford: Besides the joint station at Caro we have one at

Wydeck and one at Mount Enterprise.

Mr. Saner: All those are separated and do they have passenger rooms for white and colored people, and are they heated? 3186

Mr. Tilford: Yes.

Mr. Saner: Warehouses and platforms for loading?

Mr. Tilford: Yes. sir.

Mr. Saner: You have temporary loading platforms or platforms without a station at Longfield?

Mr. Tilford: Yes.

Mr. Saner: And also at Winder?

Mr. Tilford: Yes, sir.

Mr. Saner: And at Hutch?

Mr. Tilford: Yes.

Mr. Saner: Do you sell tickets and check baggage?

Mr. Tilford: Yes, Mr. Saner: The Texas Railroad Commission entered a formal order after that inspection, authorizing you to act as a common carrier road?

Mr. Tilford: Yes, sir.

Mr. Saner: This 18th Annual Report, page 213, I do not want to read it. The Examiner asked you about the services being per-You have indulged in the pleasures of being sued as a railroad over there?

Mr. Tilford: Yes, sir, we have indulged in that luxury.

Examiner Burchmore: Prior to the time that the Texas 3187 Railroad Commission recognized you as a railroad, did the Saner-Whitman Company have to pay any personal injury claims for people who were injured on the railroad?

Mr. Tilford: I could not state as to that.

Mr. Saner: No, they did not.

Mr. Cowan: Whether they did or not, I would like to say for the benefit of the record that the Supreme Court of Texas does not exempt a railroad from being responsible on the ground that it is or is not a common carrier. The two have no relation under our law.

Mr. Saner: That is a question we will not take up right here now.

Mr. Cowan: That is my understanding.

Examiner Burchmore: That puts the question into the record. Mr. Saner: Will you give us the names of various industries on this road and served exclusively by this road?

Mr. Tilford: I could not give them exactly.

Mr. Saner: Give those you can recall from memory.

Mr. Tilford: Well, what kind?

Mr. Saner: All kinds.

3188 Mr. Cowan: They must be farms, because they could not have had so much cotton.

Mr. Saner: How many gins do you have?

Mr. Tilford: Six or seven: I do not remember the number.

Mr. Saner: How many small saw mills do you serve and have you been serving?

Mr. Tilford: 12 to 15.

Mr. Cowan: They are on the map? Mr. Saner: Some of them are.

Mr. Tilford: Not all of them.

Mr. Saner: You keep separate books in accordance with the rules of the Interstate Commerce Commission?

Mr. Tilford: Yes.

Mr. Saner: And in no wise mingled with the books of the lumber company or have no connection with them?

Mr. Tilford: Not at all. They are kept in my office building. Mr. Saner: Each company operates separately and distinct and independent of the other?

Mr. Tilford: Yes.

3189

Mr. Saner: You do your own banking?

Mr. Tilford: Yes.

Mr. Saner: File tariffs and concurrences and indexes and so forth in accordance with the rules of the Commission?

Mr. Tilford: Yes, sir. Mr. Saner: You file your regular reports to the Commissions both State and Interstate?

Mr. Tilford: Yes.

Mr. Saner: And perform all the other requirements so far as you know them, both the State and Interstate Commerce Commissions?

Mr. Tilford: Yes. There may be some I have overlooked, but ! make out many a one of them.

Mr. Saner: You issue regular bills of lading and waybills on all shipments originating and moving from your lines?

Mr. Tilford: Yes.

Mr. Saner: I will just let these generalities stand. There are a good many details I could take up, but just one question. The rates to all points on the Caro Northern are the same as they are to Wydeck?

Mr. Tilford: To or from Wydeck?

Mr. Saner: I say the rates to and from all points on the Caro Northern are the same as they are to Wydeck?

3190 Mr. Tilford: Yes.

Examiner Burchmore: I did not ask you if you have issued through class rates.

Mr. Tilford: Yes.

Examiner Burchmore: I suppose the common point rates apply, or are you not in that territory?

Mr. Tilford: Yes, sir, they apply.

Examiner Burchmore: What division do you get?

Mr. Tilford: 121/2 per cent of the St. Louis or Missouri River

Examiner Burchmore: That runs from two cents to two and a half cents?

Mr. Tilford: Yes.

Mr. Cowan: You mean the Southwestern Tariff Committee issues rates to and from your road applying the Texas common point rate on interstate traffic?

Mr. Tilford: Yes.

Mr. Cowan: The Texas rates apply to and from points on your line?

Mr. Tilford: Yes.

Mr. Cowan: And the greater distance the greater the rate?

3191 Mr. Tilford: Applied as to distance.

Mr. Cowan: But as to lumber the interstate rates are the blanket rates applicable in that territory?

Mr. Tilford: Yes.

Mr. Cowan: They are therefore the same to all points on your line?

Mr. Tilford: Yes.

Mr. Cowan: They would also apply to state rates on lumber. They are the same to and from all points on your line to any group in Texas?

Mr. Tilford: Yes, sir.

Mr. Cowan: And they are the same therefore to all these other mills as they are from Wydeck?

Mr. Tilford: Yes.

Mr. Cowan: And a man at the other mill has to pay the same as you do from Wydeck?

Mr. Tilford: Yes. Mr. Cowan: And he haul- his lumber to your railroad?

Mr. Tilford: Yes:

Mr. Cowan: And haul- his logs to his mill?

Mr. Tilford: Just as the Saner-Whitman Company does, yes, sir.

3192 Mr. Saner: You handle United States mail? Mr. Tilford: Yes.

Mr. Saner: And an express company operates over your line? Mr. Tilford: The Wells Fargo Express Company; yes, sir.

Mr. Cowan: Of course, you get a division out of the lumber you haul for them the same as you do anything else you haul for anybody?

Mr. Tilford: Yes, sir.

Examiner Burchmore: Do you furnish your passengers ice water at the stations?

Mr. Tilford: We send them over to the lumber company when they want ice water.

Mr. Saner: We do at Mount Enterprise. I do not think we do

at Wydeck or Caro. They have a public fountain there.

Mr. Andrews: I am not sure you made clear this matter of stock ownership. You first said the stock of the railroad company was owned by the owners of the Saner-Whitman Lumber Company?

Mr. Tilford: Yes, sir.

Mr. Andrews: In substantially the same proportion?

Mr. Tilford · Yes.

Mr. Andrews: Subsequently you made some remarks about 3193 Mr. Ragley owning some of it.

Mr. Tilford: Well, he is a minority stockholder.

Mr. Andrews: How much has he got?

Mr. Tilford: \$7,500 worth.

Mr. Saner: That arises by reason of the fact that Mr. Ragley imy father-in-law and that that stock that he bought in down there offsets the lumber interest. I personally own the controlling interest in both companies and the stockholders are not identically the same in the railroad company as in the lumber company, but substantially so. In other words, I own the controlling interest.

Mr. Cowan: It is an identity of interests largely?

Mr. Saner: Well, yes, sir, but not absolutely. In other words, I own the controlling interest in both companies, although I do not own all the stock.

Mr. Cowan: I hope you make money out of both. Mr. Saner: Thank you.

Mr. Andrews: Who carries your deficit?

Mr. Saner: We have none.

Mr. Andrews: You reported a deficit for the year ending June 30th, 1909, to the Commission.

Mr. Saner: Not by carrying it forward up to date. We had a profit in previous years, and that has been carried forward. 3194 Mr. Andrews: The total result of continuous operation is to the good?

Mr. Saner: Yes, sir.

Mr. Andrews: Have you had any dividends?

Mr. Saner: No.

(Witness excused.)

Examiner Burchmore: That seems to be all the cases we have to hear at this time.

Mr. Cowan: Before we adjourn I want to say, and I think it expresses the sentiment of all the lawyers present for all sides, and 1 say it for the purposes of the record, because these gentlemen are not all here, that I believe we all feel that Commissioner Harlan and your Honor, the Examiner, have indulged in a great deal of patience, and much more hard work than the attorneys on either side would like to have seen exhibited, and I know you are entitled to the thanks of us all. I say that for the purposes of the record in which as I believe the gentlemen on the other side all join.

3195 Mr. Saner: I especially join in expressing my appreciation for your kindness in sitting over until this late hour to get

us in the record at this time.

Examiner Burchmore: The hearing will now stand adjourned without date.

Whereupon, at 6:30 P. M., the hearing in the above matter was adjourned without date.

3196 At three P. M., pursuant to announcement, special examiner Burchmore, opened the hearing in the case of Jackson Railroad Company in an adjoining room where the following proceedings were had:

The Jackson Railroad Case.

Examiner Burchmore: We will now take up the case of the Jackson Railroad Company.

Franklin W. Herr,, was called as a witness and having been duly sworn, testified as follows:

Direct examination:

Examiner Burchmore: Where is your place of residence, and

what is your occupation?

Mr. Herr: My place of residence is Jackson, La., and my occupation is a good deal like that of a—who is that gentleman this morning who was examined? I hold about six offices in the Jackson Railroad: President, Manager, Secretary, and Treasurer, etc.

Examiner Burchmore: Where is the Jackson Railroad?

Mr. Herr: It is a small tap line connected with the Yazoo & Mississippi Valley Railroad at McManus, La.

Examiner Burchmore: It has how many miles?

Mr. Herr: Four and six-tenths (4.6).

Examiner Burchmore: Single or double track?

Mr. Herr: Single track.

Examiner Burchmore: Standard or narrow gauge.

Mr. Herr: Standard gauge.

Examiner Burchmore: Rock ballasted?

Mr. Herr: No sir; just plain dirt ballast.

3197 Examiner Burchmore: It connects with no other road than the Y. & M. V.?

Mr. Herr: No sir, just the Yazoo & Mississippi Valley.

Examiner Burchmore: When was this road constructed?

Mr. Herr: In the winter of 1894-1895.

Examiner Burchmore: Were you at that time interested in the Company?

Mr. Herr: Yes I organized the Company and built it?

Examiner Burchmore: By whom was the Railroad actually constructed?

Mr. Herr: That means, of course, who produced the funds—put up the money.

Examiner Burchmore: Not the financing but the constructing.

Mr. Herr: Who actually did the construction work?

Examiner Burchmore: Yes.

Mr. Herr: I did sir.

Examiner Burchmore: In your own name?

Mr. Herr: No sir I did it as Manager of the Jackson Railroad. The Company was organized and chartered and I built the road myself-superintended the work in person.

Examiner Burchmore: Under a contract? Mr. Herr: No sir no contracts were let at all.

Examiner Burchmore: When was the Railroad incorporated?

Mr. Herr: On April 15, 1893.

3198 Examiner Burchmore: What was its total authorized capital stock?

Mr. Herr: Thirty thousand Dollars.

Examiner Burchmore: How much of that was issued?

Mr. Herr: The total amount; three hundred shares were issued.

Examiner Burchmore: Were they paid for in Cash?

Mr. Herr: They were practically paid for in cash. issued for construction work. It was sold at a discount of 331% to the stockholders and used in the construction of the work.

Examiner Burchmore: The cash was paid in? Mr. Herr: Yes and used in construction work.

Examiner Burchmore: Is there any bonded indebtedness?

Mr. Herr: No. sir none at all.

Examiner Burchmore: What industries are there on the line?

Mr. Herr: None at all; not a one of them.

Examiner Burchmore: No mines?

Mr. Herr: Nothing. Examiner Burchmore: No mills, Mr. Herr?

Mr. Herr: No, sir, no mills or manufactories or industries or enterprises of any character; it runs strictly through an 3199 agricultural country.

Examiner Burchmore: What towns are on the line?

Mr. Herr: Only one town, Jackson. McManus is not a town, but merely a point in the woods. It has a Post Office but that is the

Examiner Burchmore: Has your Company a station at Jackson?

Mr. Herr: Yes sir.

Examiner Burchmore: A station building?

Mr. Herr: Yes., also at McManus.

Examiner Burchmore: Are those one room structures?

Mr. Herr: No sir; ware-room and passenger; white and colored passenger waiting room; also two story building with room overhead for private purposes.

Examiner Burchmore: Do you have platforms for the use of

passengers at those points?

Mr. Herr: Yes sir, platforms in connection with the depot.

Examiner Burchmore: Any freight warehouses? Mr. Herr: There are freight warerooms in both depots.

Examiner Burchmore: Scales?

Mr. Herr: Well, there are no platform scales; only the scales used in the depot. I have no wagon scales or things of that 3200description, or car scales.

Examiner Burchmore: Lunch counter?

Mr. Herr: No sir.

Examiner Burchmore: Is there an agent, a regular station agent at Jackson?

Mr. Herr: Yes sir.

Examiner Burchmore: There all the time?

Mr. Herr: Yes sir.

Examiner Burchmore: Receives a regular salary?

Mr. Herr: Yes sir. The agency is in my name and so is the McManus agency, but I employ my assistant agents you understand. I really do a very little part of the agency work at Jackson, but the agency is in my name, and I am the responsible agent. You understand, the work is more than I could possibly perform.

Examiner Burchmore: What is the character of your traffic?

Mr. Herr: Standard Gauge laid with 60 pound rails leased from the Y. & M. V. Originally we bought the rails with which we built the road, but it was built with 35 pound relay iron but that was worn out and also impractical under the present loads—too light and we found it necessary to relay the track and leased the rails from

the Y. & M. V. Railroad. I have a copy of the lease if you

3201 wish to refer to it.

Examiner Burchmore: On what terms did you lease that rail?

Mr. Herr: We lease that rail on 6% interest plan; that was all.

Examiner Burchmore: Is that a copy of the contract?

Mr. Herr: That is a carbon copy of it.

Examiner Burchmore: Are you willing to offer that in evidence? Mr. Herr: I would not mind furnishing a duplicate, but that is the only copy I have. That was furnished by the Illinois Central. I said the Y. & M. V., but it is the I. C.

Examiner Burchmore: It owns the Y. & M. V.?

Mr. Herr: Yes sir that is correct.

Examiner Burchmore: The question I asked is, what is the character of your traffic?

Mr. Herr: Oh, I thought you said track. We haul passengers.

mail, express and general freight traffic.

Examiner Burchmore: Taking these up one at time, what is the extent of your passenger traffic?

Mr. Herr: Well, the revenue

3202 Examiner Burchmore: How many passengers travel on it

Mr. Herr: I don't know, I can just answer that question. I have it all here in my state railroad Commission report if you will allow me to make use of it.

Examiner Burchmore: While you are looking, are you a former employee of the Y. & M. V. Railroad Company?

Mr. Herr: Yes sir.

Examiner Burchmore: Formerly an engineer?

Mr. Herr: Yes sir. What is the question you wanted to know—the revenue from passenger traffic?

Examiner Burchmore: That will do.

Mr. Herr: Three Hundred and Eighty-one Dollars and Twenty-five Cents (\$381.25) for the year ending June 30, 1910.

Examiner Burchmore: What character of freight do you carry? Mr. Herr: Just general freight traffic; merchandise, groceries, provisions and so on; usual freight business.

Examiner Burchmore: Are you personally interested in any of

the freight that you carry; do you own any of it?

Mr. Herr: Not a cent's worth; not any interest whatever. 3903 Examiner Burchmore: What proportion of the Capital stock of the Company do you own?

Mr. Herr: About Eighty-one and two-thirds per cent, I believe

it is

Examiner Burchmore: Who owns the remainder?

Mr. Herr: It is owned by several individuals of Jackson La.

Examiner Burchmore: Who are they?

Mr. Herr: W. R. McCowan, W. S. Payne, Dr. Geo. H. Jones, Dr. T. H. Jones and P. C. Keller, I believe.

Examiner Burchmore: Are these gentlemen engaged in any manufacturing enterprise, lumbering enterprise?

Mr. Herr: None whatever. Examiner Burchmore: Well, what was your purpose in construct-

ing this road?

Mr. Herr: Well, I was acquainted at Jackson, La. a town five miles from the Y. & M. V. Railroad and knew that it had no rail facilities whatsoever. The State Insane Asylum was located there and I conceived the idea of building this track. Citizens had made one or two efforts to get the state to build the road on account of

the State Asylum being located there and I went to work and

3204 raised the money.

Examiner Burchmore: You did it as a money-making ven-

ture?

Mr. Herr: I went into it for what I could make out of it, yes sir, Examiner Burchmore: You transported apparently nearly four thousand tons of bituminous coal during this fiscal year, ending June 30, 1910. For whom was that carried?

Mr. Herr: The State Insane Asylum as well as that for my own furnaces, too. There is over three thousand tons of that belonging

to the Insane Asylum.

Mr. Gutheim: The proposition is that you are running as a regular carrier railroad?

Mr. Herr: Yes sir.

Mr. Gutheim: And none of the stockholders you mention are connected with the road in any way or figure as officers on the road? Mr. Herr: None at all, W. R. McCowan is a retail merchant.

W. S. Pavne-

Examiner Burchmore: Don't enumerate them all.

Mr. Herr: No sir.

3205 Examiner Burchmore: Has your Railroad been examined by any employee of the Commission?

Mr. Herr: There was, I think, about last Spring some gentle-

Examiner Burchmore: Mr. Semple?

Mr. Herr: I don't know his name; at least, I don't remember. He came in and examined my tariff and I think took copies of some way bills from the impression book of the Y. & M. V. Railroad.

Examiner Burchmore: Do you have any joint rates?

Mr. Herr: Yes.

Examiner Burchmore: In connection with the Y. & M. V.?

Mr. Herr: Yes; I have a copy of my tariff there if you would like to refer to it.

Examiner Burchmore: Yes, the Y. & M. V.-

Mr. Herr: I haven't any statement there—I will state that the Jackson Railroad does not publish the tariff; it participates in the joint tariff, but I get the Y. & M. V. to print my tariff, to be sure that I am keeping within the legal requirements in getting them up in due form.

Examiner Burchmore: Does any officer of the Y. & M. V. Rail-

road own stock in your Company?

Mr. Herr: Not a dollar's worth.

3206 Examiner Burchmore: Then your Company has no connection, direct or indirect, with any manufacturing or lumbering or mining or other industries on or near its line?

Mr. Herr: Absolutely none sir.

Examiner Burchmore: It is, in your opinion, exactly the same as any other Railroad except that it is small.

Mr. Herr: That is correct, yes sir.

Examiner Burchmore: You run passenger trains.

Mr. Herr: I carry one coach—an accom-odation coach, and run a train each way each day except Sunday.

Examiner Burchmore: What is the basis of rate to and from Jackson? Are they made by adding an arbitrary to the Y. & M. V. rate?

Mr. Herr: Well, in one sense of the word, that is correct, but not exactly. You see, before this road was built, Jackson depended for its freight traffic principally upon wagons hauling from the river at Bayou Sara and the rates on my road are formed to meet the traffic, which make it necessary for the Y. & M. V. to allow me the principal portion of my rates, if that makes it plainer.

Examiner Burchmore: Well, suppose that these joint rates were finally cancelled and you had to charge your local rate for 3207 movements on your line, and add that rate to the rate charged by the Y. & M. V. to your line, you would still go on in

business.

Mr. Herr: No sir, I would wind up business in thirty days absolutely.

Examiner Burchmore: Still, the people at Jackson have no other way to get their stuff?

Mr. Herr: They would go back to wagons; they would not be long doing it.

Examiner Burchmore: Then your competition is with wagons?

Mr. Herr: With wagons strictly.

Examiner Burchmore: Is anybody here representing the Illinois Central?

Mr. Brady: No sir. I am a legal representative but I am not here representing it.

Examiner Burchmore: Do you know anything about the Jackson Railroad.

Mr. Brady: Yes, I have heard-

Examiner Burchmore: It is an industrial railroad.

Mr. Brady: My information is that the witness has stated just like it is.

Mr. Herr: I have correspondence with the Interstate Com-

3208 merce Commission on that point if you want to have it.

Mr. Brady: I can elaborate that statement if you wish. will say this, that I have never been over the road, but members of my family lived in Jackson, La., and I know in a general way that it is a small railroad connection between Jackson, Louisiana and the Y. & M. V. Railroad, furnishing facilities for Jackson, Louisiana.

Mr. Herr: The capital was raised in Jackson, Louisiana. Examiner Burchmore: Is the road a financial success?

Mr. Herr: No sir, it has never been a paying proposition; the probabilities are it will not exist more than a few years longer.

Examiner Burchmore: Will you sell it out or go out of business?

Mr. Herr: There is nobody to sell it out to.

Examiner Burchmore: I think that is all, Mr. Herr.

3209 Natchez, Columbia & Mobile Railroad.

Examiner Burchmore: Who shall we take next? Mr. Butterfield: R. B. Butterfield is here representing the Mobile Railroad extending from Norfield Mississippi westward.

Examiner Burchmore: What other roads are represented here? Mr. T. Brady, Jr.: I represent the New Orleans and Natalbany and Natchez Railroad Company; I also represent the Greensburg and Southwestern Railroad Company.

Examiner Burchmore: What other railroads are present?

Mr. Keyes: I represent the Kentwood and Eastern.

Examiner Burchmore: The Attorney for the Fernwood and Gulf asked me to state that he was in his room preparing his statement and had not completed it but would come up as soon as he had completed it. Any other Company? Mr. Brady, I think we can take up your Company first.

Mr. Brady: I would like to call your attention that it will be fair to you, I think-to the regular appearance I have entered and I would like to read to you a paragraph or two from it so that you may understand clearly our position. It reads, after stating what it is, that its representative was telephoned of the hearing and the order of

Commissioner Harlan requiring it to appear, and in compliance with this order, it entered its appearance wholly un-3210

prepared to present its case. It is advised that, with the exception of two or three short lines in this territory, no short line Railroad Companies in the territory have been cited or ordered to appear at this hearing. The truth is, it believes, upon information, that it was inadvertently ordered to appear at this hearing, since the division of rates which it is receiving has not been cancelled, and it would be manifestly unjust and unfair to it to require it to appear and answer with the short line railroads west of the Mississippi River which have had the matter under consideration for a great length of time.

That its belief that it has been ordered by inadvertence is further borne out by the fact that, with but two or three exceptions, no short line railroad east of the Mississippi river has been ordered to appear, although there are such railroads in said territory forming connections with the Illinois Central Railroad Company with the Louisville and Nashville Railroad Company, with the Louisville and Nashville Railroad Company, with the New Orleans and Northeastern Railroad Company, with the Mobile and Ohio Railroad Company, and

3211 many others too numerous to mention.

That it supposes that the division of rates with these short lines not cited will continue, or at least, they will continue until these short lines have been ordered to appear, and are given a hearing, since, without a hearing, to cancel that division of rates, would be a manifest injustice.

That it is but fair to it that it should have its hearing with short line railroads east of the Mississippi river after it has had time to prepare its case and that it should not be forced into a hearing with these railroads involved in the controversy in the above styled cause.

That it would be unfair to include it in an order issued against other short line railroads in the above styled cause, cancelling a division of rates, since to do so would place it u-on a basis with roads west of the Mississippi river not cited, while those east of the Mississippi river would not be upon such a basis and would continue to enjoy a division of freight rates when it would be denied such rights.

That it has no objections to making such a showing as it 3212 can at the present hearing, but it protests against being precluded from making a further showing, should other short lines east of the Mississippi river, not ordered to appear at this writ-

ing, be in the future allow a hearing.

That it protests against being included in any order against the railroad in the above styled cause and insists that it is entitled to whatever hearing may be hereafter granted to short line railroads east of the Mississippi river, for the reason that the case which it presents has been hastily prepared, some of its important officers being in the North, so that it really is unable to make the showing to which it is entitled, but will make such showing and answer as it can, with the privilege of appearing and completing it, if a further hearing is extended to short line railroads east of the Mississippi river not ordered to appear at this meeting.

That its participation in the freight rates with the trunk lines has never been cancelled, and in equity, should not be; especially should no change be made as to it as long as short line roads east of the Mis-

sissippi river continue to share in a division of rates.

3213 Therefore, it prays that this hearing be not declared final as to it, and upon a future final hearing, that no change be made.

Respectfully submitted,

NATCHEZ, COLUMBIA AND MOBILE RAILROAD COMPANY,

By Attorney T. BRADY, JR.

The answer so offered and identified as Exhibit #1, was received in evidence and thereupon marked "Defendant's Exhibit #1, received in evidence December 12th, 1910," page 3213, and is attached hereto.

Examiner Burchmore: You say you filed that objection?

Mr. Brady: I am asking to file it.

Examiner Burchmore: On behalf of what?

Mr. Brady: The Natchez Columbia and Mobile Railroad Company. I do not want to appear to disobey the Commissioner's request. He asked us to appear and telephoned me to come. That petition is sworn to. We are perfectly willing to appear, as far as we can. If you will allow me to speak to Commissioner Harlan, I would like to speak to him upon the subject because I think it is entirely fair.

Examiner Burchmore: Then you protest on behalf of your com-

pany against going on with the hearing?

Mr. Brady: No sir, I say I am willing to have such hearing as we are able to hear. All I ask is this. Mr. Examiner is

3214 as we are able to hear. All I ask is this. Mr. Examiner is this; in the future, if you call the Railroads east of the river—this has been going on west of the river for two years and I had no knowledge of what it was and my Company had no knowledge of what it was—

Examiner Burchmore: You have knowledge of what you are

and what you are doing?

Mr. Brady: Sure.

Examiner Burchmore: You don't need to know what the railroads

west of the river are doing.

Mr. Brady: That is the point; we need time in which to prepare and that is rather short and we want to be allowed this privilege only in case you cite other roads east of the river, and in case our case is not made out to our satisfaction, that we may continue to press our case then.

Examiner Burchmore: This objection will be received and laid before the Commission for its action, but that does not mean however that it is filed or granted. I have no authority to take any action on it except to retain it. Are you ready now to go on?

Mr. Brady: With what we have got, we will be delighted to ac-

com-odate you.

3215 Examiner Burchmore: It is not an ac-om-odation to me.

It is your opportunity to be here in an investigation by the commission into the practices and methods of so-called tap lines.

Mr. Brady: We want to do this: we want to submit our case as far as we can, with your permission, and in case other points east of the river are allowed—

Examiner Burchmore: You may present your case without such permission, but with your request for such permission noted in the

record.

Mr. Brady: That is all right.

Examiner Burchmore: What witness have you here?

Mr. Brady: Mr. Butterfield.

R. B. BUTTERFIELD was called as a witness, and having been duly sworn, testified as follows:

Examiner Burchmore: What is your occupation. Mr. Butter-

field?

Mr. Butterfield: General Manager of the Natchez, Columbia and Mobile Railroad, and Secretary-Treasurer of the Butterfield Lbr. Co. of Norfield, Miss., I am Secretary-Treasurer of both companies in the executive department.

Examiner Burchmore: Where is the line of the Natchez Columbia

and Mobile Railroad—Where does it run?

Mr. Butterfield: It runs from Norfield Mississippi to a point one hundred and seventeen miles north of New Orleans on the main line of the Illinois Central Railroad in an easterly

Examiner Burchmore: In an easterly direction how far and to

what point?

Mr. Butterfield: The main line is about fourteen miles long. has two lateral branches. One of them is about—The main line runs from Norfield Mississippi to what is called Main Line Junction. fourteen miles east of Norfield and it has a branch from that point in a north-easterly direction to a point called Old Camp, which is eight miles—practically nine miles long, and to a point in a southerly direction, seven and a half miles long.

Examiner Burchmore: What is the termination of that line? Mr. Butterfield: Its termination is a name given—the switch

where the train is made up-called Furlough switch.

Examiner Burchmore: Furlough Switch?

Mr. Butterfield: Yes sir.

Examiner Burchmore: This Railroad is controlled by the Butterfield Lumber Co.

Mr. Butterfield: The stockholders of its company are the 3217 same and own in the Railroad Company a pro rate of stock in the same pro rata of stock as in the lumber Company.

Examiner Burchmore: Where are the mills?

Mr. Butterfield. At Norfield.

Examiner Burchmore: The Mills are at Junction Point?

Mr. Butterfiel 1: Yes sir. Norfield.

Examiner Burchmore: When was this Railroad incorporated? Mr. Butterfield: In 1891, I forget the exact date; I think June 21st. I can give it to you if you want.

Examiner Burchmore: The year will suffice. When was the line

constructed?

Mr. Butterfield: It was incorporated just before the construction started or they started to construct immediately after incorporation. Examiner Burchmore: At that time, how far was it constructed?

Mr. Butterfield: As soon as they started to construct it at all, we built five miles as fast as they could build it.

Examiner Burchmore: And that was to a temporary terminus?

Mr. Butterfield: Yes sir.

Examiner Burchmore: When was the mill at Norfield opened up? Mr. Butterfield: In January 1891, I think; the last of

3218 January or first of February, I will not be sure. Examiner Burchmore: The construction and operation of the Mill and Railroad were practically s-multaneous?

Mr. Butterfield: Yes sir.

Examiner Burchmore: The railroad was a part of the Mill fa-

cilities at that time?

Mr. Butterfield: The Railroad, of course, was a part of the mill facilities, but a distinct corporation. At the time of the incorporation of the Railroad, a great many outside people were interested in the incorporation, but have since been bought out until the holdings are identical with the Railroad Company—the lumber company I mean to say.

Examiner Burchmore: Describe a little more fully who the orig-

inal organizers of this railroad were?

Mr. Butterfield: The original organizers of the Railroad were the heads of the Lumber Company, with a number of local people. Examiner Burchmore: These local people were minority holders?

Mr. Butterfield: Yes, and have since been bought out.

Examiner Burchmore: Do these local people own timber lands?

3219 Mr. Butterfield: No longer in that neighborhood. They came from neighboring towns.

Examiner Burchmore: Then the minority holdings were in the hands of persons who had no interest in the lumber business in that region.

Mr. Butterfield: None whatever.

Examiner Burchmore: The original line was five miles long.

Were there any tap lines or spurs beyond that?

Mr. Butterfield: There was a tap line, I think that ran at that time—I think it was on my connection—for seven miles long, at the end of that five miles.

Examiner Burchmore: And that seven miles was subsequently

taken over by the Railroad Company?

Mr. Butterfield: I cannot really say after that seven miles, but I know that the Railroad Company owns everything in the shape of railroad that is there, so it must have been.

Examiner Burchmore: Are not the logging camps beyond Fur-

lough? Are there not?

Mr. Butterfield: Yes sir.

Examiner Burchmore: Owned by the Railroad Company?

Mr. Butterfield: Yes sir.

Examine- Burchmore: Operated by the Railroad.

3220 Mr. Butterfield: Yes sir.

Examiner Burchmore: Then, as I understand you, when you state that they came to Furlough as a terminus—

Mr. Butterfield: Of the main line. These logging spurs are temporary tracks that are put down and taken up, as soon as the timber which is contiguous to them is logged out.

Examiner Burchmore: But they are owned and operated by the

Railroad Company?

Mr. Butterfield: Yes sir.

Examiner Burchmore: The ground on which they were laid is not owned—

Mr. Butterfield: No sir, belongs to the Lumber Company, under the Railroad Company's operation. The Lumber Company have a compensation for it.

Examiner Burchmore: By whom is the right of way of the line

owned-that land?

Mr. Butterfield: By the Railroad Company.

Examiner Burchmore: In fee?

Mr. Butterfield: Yes sir.

Examiner Burchmore: What is the weight of rails?

Mr. Butterfield: 56 or 60 pound.

Examiner Burchmore: In the entire Main Line?

3221 Mr. Butterfield: Yes sir.

Examiner Burchmore: Was that rail purchased entirely

by the Railroad Company in the open market or how?

Mr. Butterfield: To eliminate such expenses as possible—the Railroad Company is operated as an entirely distinct business corporation, but to eliminate expense, the general officers of each are the same officers; some of the, the Railroad employees—the railroad employs some of the office force of the Butterfield Lumber Co. and the purchasing agent of the Butterfield Lbr. Co. is the purchasing agent for the Railroad company and acts along this line as the fiscal agent of the Railroad company in purchasing.

Examiner Burchmore: He purchased the rail?

Mr. Butterfield: Yes sir.

Examiner Burchmore: And turned it over to the Railroad?

Mr. Butterfield: The railroad Company does not purchase anything. The Butterfield Lbr. Co. purchased it and turned it over to the Railroad company at the invoice price.

3222 Examiner Burchmore: The Lumber Company receives no

commission?

Mr. Butterfield: Nothing whatever.

Examiner Burchmore: Has the Natchez, Columbia and Mobile Railroad any station building?

Mr. Butterfield: Yes sir.

Examiner Burchmore: Where are they?

Mr. Butterfield: We have a station with an agent at Ruth, Mississippi.

Examiner Burchmore: Where is Ruth?

Mr. Butterfield: Ruth is a point ten miles east of Norfield. We have a station building an-agent at Verna, Mississippi, sixteen miles east of Norfield.

Examiner Burchmore: That is on one of these lateral lines?

Mr. Butterfield: On the Northeast Lateral Branch and another at Topeka, Mississippi, which is 20 miles east of Norfield. We have a ticket agent at Norfield Miss, at the Illinois Central depot. In fact, we have a joint ticket agent there and the freight agent is — the Railroad Company's office at Norfield.

Examiner Burchmore: In the Illinois Central Railroad

3223 Company Office?

Mr. Butterfield: No sir, the N. C. & M.

Examiner Burchmore: That office is a common office with the Lumber Company?

Mr. Butterfield: Yes sir.

Examiner Burchmore: You use the Illinois Central Station at Norfield?

Mr. Butterfield: Yes sir.

Examiner Burchmore: What is the distance from the mill in Norfield to the line of the Illinois Central?

Mr. Butterfield: Practically we are right on it, but the way the

tracks are laid out, I suppose it is a quarter of a mile.

Examiner Burchmore: What distance do cars move over this

Railroad to go from the Mill to the Illinois Central?

Mr. Butterfield: The Illinois Central has built a long passing and interchange track and the N. C. & M. Railroad has a switching crew which receives all of the cars for it and for the Lumber Company and delivers all the cars for it and the Lumber Company to the Illinois Central R. R. Co.

Examiner Burchmore: On this Interchange track?

The movement of the cars would average Mr. Butterfield: Yes.

probably half a mile.

3224 Examiner Burchmore: The movement of the cars by

Mr. Butterfield: By the N. C. & M.

Examiner Burchmore: The officers of the Lumber and Railroad Company, you state, were identical?

Mr. Butterfield: Yes sir.

Examiner Burchmore: What salaries are paid to the officers of the Railroad Company? Mr. Butterfield: I think it amounts to \$3,000.00.

Examiner Burchmore: For all of them?

Mr. Butterfield: For all four.

Examiner Burchmore: Do they perform any substantial service for the railroad Company?

Mr. Butterfield: Yes sir.

Examiner Burchmore: Does their salary from the Railroad Company compare with their salary from the lumber company in the same proportion that their services do?

Mr. Butterfield: That was the aim in granting the salaries; I

think I can state that it does.

Examiner Burchmore: What is the principal traffic of this Company?

Mr. Butterfield: The principal traffic is the haul for the Butterfield Lbr. Co. of logs.

Examiner Burchmore: Are these Hardwood Logs, Hardwood lumber?

3225 Mr. Butterfield: No sir, Yellow Pine. Examiner Burchmore: No Hardwood? Mr. Butterfield: Very little; there is some,

Examiner Burchmore: Does the Natchez Columbia and Mobile Railroad have joint rates on lumber in effect in conjunction with the Illinois Central to interstate destination?

Mr. Butterfield: Yes sir.

Examiner Burchmore: What are those rates? Are they the same

in amount as the Junction point rate of the Illinois Central from Norfield?

Mr. Butterfield: No sir, the rate on lumber on the N. C. & M. is two cents higher than the Junction point rate into central traffic or eastern traffic line territory only.

Examiner Burchmore: To other points the rates are the same? Mr. Butterfield: To other points, the rate would be a combination

of the two locals.

Examiner Burchmore: Then you only have through rates to this

territory?

Mr. Butterfield: That is all.

Examiner Burchmore: What is the division according to 3226 your tariff?

Mr. Butterfield: Two cents a hundred.

Examiner Burchmore: Then practically, you get the same result in the operation of your road as a common carrier, that you would

if operated as a private carrier?

Mr. Butterfield: Well, not hardly. In the first place, the division of rate is a help to the Railroad inasmuch as it gets its full pro rata any way. In the second place, the lowering of the rate—we happen to have on our line of road several small mills which have contributed a great deal to the revenues of the road and it is a fiscal necessity in that portion of the business to obtain our regular rate for lumber and to tack the two cents which would be necessary on top of the regular rate; if it was to be a combination of the two, it would be nearly prohibitive to any industry that might be put up on the road.

Examiner Burchmore: I don't believe I understand that. On a shipment originating at a point on your line and moving to Central

Freight Association destination?

Mr. Butterfield: Yes sir.

Examiner Burchmore: The rate charged at two cents per hundred pounds higher than on like shipments originating on Illinois Central rails from Norfield?

Mr. Butterfield: Yes sir.

Examiner Burchmore: You receive that two cents?

Mr. Butterfield: No sir.

Examiner Burchmore: The rate is two cents higher?

Mr. Butterfield: Yes sir, we receive four cents out of that. We receive that two cents and two cents more at our division from the Illinois Central.

Examiner Burchmore: Then your standard division is four cents per hundred pounds?

Mr. Butterfield: Yes sir.

Examiner Burchmore: These joint through rates carry with them a milling-in-transit privilege.

Mr. Butterfield: No sir. not that I know of.

Examiner Burchmore: What rate is charged on the movement of logs into the mill from the woods?

Mr. Butterfield: \$2.00 per thousand feet.

Examiner Burchmore: And the joint rate applied on the lumber applies only from the mill at Norfield—not back from the woods?

Mr. Butterfield: Joint rate on lumber?

Examiner Burchmore: Yes.

3228 Mr. Butterfield: I think that the tariff of the Illinois Central reads that "it shall retain through the claim department of the Illinois Central two cents per hundred pounds on lumber manufactured from logs brought in over the Natchez, Columbia and Mobile Railroad" and two cents per hundred on lumber that originates on the Illinois Central, so that applied to lumber and logs both.

Examiner Burchmore: Then, the joint rate from point of origin to destination really covers logs into the mill and the lumber out of

the mill.

Mr. Butterfield: Yes, sir.

Examiner Burchmore: Will you please describe in your own way the method of billing and collecting the charges on the movements of logs that originate in the woods on your line and is milled at your mill at Norfield and moves to interstate destinations? Just how it is billed and handled?

Mr. Butterfield: There is a scaler employed jointly by the Lumber Company and the Railroad Company who scales the logs on the car after they are put on the cars by the Lumber Company and he

makes up a report daily which is sent in daily and charged 3229 daily by the Railroad Company to the Lumber Company.

There is a settlement between the Railroad Company and the Lumber Company at the end of each month on that scale. In addition to that, as a check, the train conductor of the train that handles the logs checks over the car and the number of logs he has on_the car. He takes no scale.

Examiner Burchmore: Let me ask you several questions about

that. The Logging car is placed for loading in the woods?

Mr. Butterfield: Yes sir.

Examiner Burchmore: By the Railroad Company's employees?

Mr. Butterfield: Yes sir.

Examiner Burchmore: And by its engine. It is then loaded with logs by employees of the lumber Company?

Mr. Butterfield: Yes sir.

Examiner Burchmore: When loaded, the Railroad company takes

the train load of logs and hauls them to the Mill?

Mr. Butterfield: Yes sir, there is a switching movement in the woods first. The log loaders run out on these spurs and the locomotives that handle the log loaders take the cars out to the side track or delivering track, to the Main line, where the train is made up and from there, the regular movement starts.

Examiner Burchmore: Then, upon the arrival of a train

3230 of logs at the Mill, who unloads it.

Mr. Butterfield: The employees of the Railroad Company unload it.

Examiner Burchmore: Into what?

Mr. Butterfield: Into a Pond. We have skids furnished by the Lumber Company.

Examiner Burchmore: When the logs have been cut at the mill, they are loaded into cars by the Mill employees?

Mr. Butterfield: Yes sir.

Examiner Burchmore: What cars are they loaded into? Mr. Butterfield: The cars that the Illinois Central furnishes.

Examiner Burchmore: These cars that the Ililnois Central Company furnishes, are taken, however, that the Natches, Columbia and Mobile Railroad employees from the interchange track and brought up empty for loading?

Mr. Butterfield: Yes sir.

Examiner Burchmore: After being loaded, the car is switched out to the Illinois Central?

Mr. Butterfield: Yes, sir, and weighed.

Examiner Burchmore: Have you a track scale?

Mr. Butterfield: Yes sir.

Examiner Burchmore: Weighed by your employee, and then goes

3231 Mr. Butterfield: Weighed by the representative of the Southern Weighing and Inspection Bureau.

Examiner Burchmore: That is, as to the physical handling of the freight?

Mr. Butterfield: Yes sir.

Examiner Burchmore: Now, as to the billing. Is any Bill of Lading issued at the time the logs leave the wood-?

Mr. Butterfield: No sir.

Examiner Burchmore: When is the first Bill of Lading?

Mr. Butterfield: For lumber manufactured; the first Bill of Lading for lumber manufactured from these logs by the lumber Company.

Examiner Burchmore: It is signed by the agent of the Railroad

Company?

Mr. Butterfield: Yes sir.

Examiner Burchmore: And issued when the lumber leaves the Mill?

Mr. Butterfield: Yes sir.

Examiner Burchmore: Is there any way bill, or car way bill, accompanying the logs into the Mill?

Mr. Butterfield: No, just the train sheets.

Examiner Burchmore: What are these train sheets?

3232 Mr. Butterfield: I think I have a sample here. If you will give me permission to open this grip, I will give you one now (witness hands a train sheet to the commissioner). I can leave that

Examiner Burchmore: Who fills out that train report?

Mr. Butterfield: A joint employee; that is, the scaler employed by both Companies.

Examiner Burchmore: He fills it out in the woods?

Mr. Butterfield: Yes sir: just right as he scales it: immediately after he scales it.

Examiner Burchmore: He hands it to the conductor?

Mr. Butterfield: He mails them to the company entirely foreign to the conductor.

Examiner Burchmore: The conductor does not take it from him?

Mr. Butterfield: No sir.

Examiner Burchmore: In one sense, it accompanies the car?

Mr. Butterfield: Yes sir.

Examiner Burchmore: It is mailed at the same time that the car moves?

Mr. Butterfield: Yes sir.

Examiner Burchmore: Now, when lumber is shipped from the Mill, the Bill of Lading is issued signed by the N. C. & M. 3233

Railroad Agent?

Mr. Butterfield: No sir. The Illinois Central Agent. It is billed directly to the Illinois Central. The N. C. &. M. does not do anything but make switching movement of that and put it out on the Illinois Central receiving track for which they receive a switching charge.

Examiner Burchmore: What is shown as the point of origin on

that Bill of Lading?

Mr. Butterfield: Norfield, Mississippi.

Examiner Burchmore: Does that Northfield mean Northfield on the Illinois Central?

Mr. Butterfield: It means Norfield on the Illinois Central. You

have it "Northfield," it is Norfield.

Examiner Burchmore: That is immaterial. When the car leaves the mill, there is nothing on the car to indicate to your train emplovees where the car is going?

Mr. Butterfield: Nothing whatever. There is a switching list handed from the office to the switching employees in the morning. This is simply a switching line—to put such and such a car out on

the track, and the weighmaster-the only record that is kept of that outside of the switching master's report is that the 3234 weigh master furnishes the Illinois Central Agent with the

weights on the car.

Examiner Burchmore: Does that Bill of Lading issued by the Illinois Central Agent at Norfield indicate on its face that the lumber has come from there?

Mr. Butterfield: That the logs have come from there?

Examiner Burchmore: No, the Lumber?

Mr. Butterfield: No sir, not lumber; there is no lumber that the Butterfield Lumber Company handles that comes from there

Examiner Burchmore: It comes from there so far as the Illinois Central is concerned?

Mr. Butterfield: That lumber is handled in an entirely different manner from the Logs.

Examiner Burchmore: We are not talking about lumber.

Mr. Butterfield: I understood you to say Lumber. There is nothing on the Bill of Lading to show that the logs come from beyond Norfield.

Examiner Burchmore: That the logs come from beyond Norfield

on the Illinois Central, as an Illinois Central point?

Mr. Butterfield: Or as an N. C. & M. point—any point. Examiner Burchmore: The two points are identical on the 3235 two Railroads?

Mr. Butterfield: No sir, they are considerably different. I don't

think I caught quite what you want to get at.

Examiner Burchmore: I am trying to understand the practice. The practice seems to be quite different from that followed by points west of the river, and I am trying to find out what the practice is in

billing a movement east from there?

Mr. Butterfield: Why, the tariff issued by the Illinois Central Railroad on this traffic—on the two cent pro rata on the logs—is just simply—says that short lines shall receive a pro rata on lumber manufactured from logs. I am giving you this to the best of my recollection, brought in and handled by the N. C. & M. Railroad Company, and shall be paid thru the claim department at the end of the month. At the end of the month, we make up a sworn statement which we send to the Illinois Central Railroad of the shipments—daily shipments of logs—receipt of logs from the N. C. & M. Railroad for the previous month, which we file in the shape of a claim with the Illinois Central Railroad Agent.

Examiner Burchmore: The N. C. & M. Railroad Company

3236 files this claim?

Mr. Butterfield: Yes sir.

Examiner Burchmore: Not the Lumber Company?

Mr. Butterfield: No sir.

Examiner Burchmore: That tariff published refers to the connecting lines?

Mr. Butterfield: Yes sir.

Examiner Burchmore: That seems to be an unusual method?

Mr. Butterfield: It is the only method we use.

Examiner Burchmore: Your Company receives a division of four cents per hundred pounds?

Mr. Butterfield: Yes sir.

Examiner Burchmore: Out of the joint rate published from Norfield?

Mr. Butterfield: Oh, no. The joint rates are to be from points on the line. We get two cents division and two cents pro rata from the Illinois Central.

Examiner Burchmore: This rate of two cents applies from Topeka

and Old Camp, etc.

Mr. Butterfield: Yes sir.

Examiner Burchmore: What service does your Company render under this four cent division? What does it do that it should be paid four cents?

3237 Mr. Butterfield: It hauls the logs or hauls the lumber from

the point of origin to the Illinois Central Railroad.

Examiner Burchmore: But it hauls no lumber from Topeka or Old Camp?

Mr. Butterfield: It hauls lumber from other mills, not the Butterfield Lumber Company.

Examiner Burchmore: I am speaking of the Butterfield Lumber

Company shipments.

Mr. Butterfield: It hauls their logs for which it receives two cents per thousand and two cents per hundred from the Illinois Central as its proportion of the through rate.

Examiner Burchmore: It does not seem to me that that last statement is quite accurate. It receives two cents from the Lumber Company for moving logs into the mill?

Mr. Butterfield: Yes sir.

Examiner Burchmore: It credits that two cents on the subsequent freight charged does it not?

Mr. Butterfield: The two cents that we receive as refund is given back. We get two cents a thousand flat for hauling the lum-

3238 ber, and the claim is turned over to the Lumber Company.

Examiner Burchmore: What does your Railroad Company receive in the end after the transaction is entirely closed and completed and the claim paid by the Illinois Central Railroad? What does the N. C. & M. Railroad Company receive for hauling logs into the mills, and lumber out for the Butterfield Lumber Company?

Mr. Butterfield: It receives two cents a thousand for hauling logs, and receives a switching or rental charge in the wood, and receives a switching charge at the mill for handling loaded cars and weighing

them.

Examiner Burchmore: How about the two cents division?

Mr. Butterfield: We get the two cent division as a matter of course, but that is a rebate—I misused the word pro rata—and it is given back.

Examiner Burchmore: That goes back to the Lumber Company?

Mr. Butterfield: Yes sir.

Examiner Burchmore: What two cents is that?

Mr. Butterfield: The two cents we get from the Illinois Central Railroad Company.

Examiner Burchmore: Is that what the Illinois Central tariff

provides?

3239 Mr. Butterfield: No sir, I don't think it is.

Examiner Burchmore: We will put it different. The two cents you get from the Illinois Central Railroad goes to the Butterfield Lumber Company in case of their shipments? In case of shipments handled for some other mill, "John Smith" where does the two cents go that you get from the Illinois Central Railroad Company?

Mr. Butterfield: It goes straight to the N. C. & M.

Examiner Burchmore: It seems to me that the owners of the Rail-

road receive a little better advantage from this rate?

Mr. Butterfield: No we have never hauled logs for anybody else that went into any traffic territory where we get this pro rata. We haul lumber for them, but our rate on lumber is two cents higher than the rate from Norfield, and the two cents which we receive from the Illinois Central Railroad Company just makes up our proportion of four cents.

Examiner Burchmore: What is the rate from Old Camp to the

Ohio River?

Mr. Butterfield: I don't know sir.

Examiner Burchmore: Or to some other representative point?

3240 Mr. Butterfield: The rate from Norfield to Chicago is twenty-four cents. From Old Camp to Chicago would be twenty-six cents.

Examiner Burchmore: Now what is your method or rule as to the offsetting og logs in and lumber out? How many thousand pounds of logs make ten thousand pounds of lumber? What is the proportion?

Mr. Butterfield: I don't know that I could tell you. That is pretty hard. I figure that logs weigh in the neighborhood—Long Leaf Yellow Pine Logs—in the neighborhood of ten pounds to the foot.

fresh cut.

Examiner Burchmore: Well, suppose a certain quantity of logs leaves the spurs in Old Camp, and moves to the mill, and they are there made into lumber by the Butterfield Lumber Company, and exactly a car load comes from that quantity of logs, and that car load of lumber is shipped to Chicago, and assuming that all the freight charges of that lumber are paid by the Lumber Company, and nobody else pays any charge on it, how much will the Butterfield Lumber Company have paid in the end to get that shipment to Chicago?

Mr. Butterfield: That is a pretty bard proposition to figure

3241 out.

Examiner Burchmore: I mean, in cents per ton and per

car?

Mr. Butterfield: Well, you figure \$2.00 a thousand feet and one thousand feet will weigh in the neighborhood of ten thousand pounds. That will be about two cents a hundred pounds, the equivalent of two cents a hundred, or just about that.

Examiner Burchmore: They pay that to get the logs into the Mill?

Mr. Butterfield: Yes sir.

Examiner Burchmore: What more do they pay? Mr. Butterfield: The switching charge at Norfield. Examiner Burchmore: The Lumber Company?

Mr. Butterfield: Yes sir.

Examiner Burchmore: Does not that Illinois Central Railroad absorb that?

Mr. Butterfield: No sir.

Examiner Burchmore: What is that switching charge?

Mr. Butterfield: One Dollar.

Examiner Burchmore: What else do they pay?

Mr. Butterfield: The other might really be considered—I 3242 don't think you could consider it a logging operation for the operation that we do for them in the woods is to get the trains made up, and delivered to our main line.

Examiner Burchmore: How much is that?

Mr. Butterfield: It all depends, it is not a fixed rate. We do this work for them and charge them 10% over and above the cost of the supervision and different charges. That charge is adjusted at the end of each year, besides that, they pay the Illinois Central Railroad, twenty-four cents a hundred pounds.

Examiner Burchmore: That is the rate from Norfield?

Mr. Butterfield: Yes sir.

Examiner Burchmore: They pay twenty-four cents?

Mr. Butterfield: Yes sir, and the equivalent of two cents for hauling the logs, and the switching charge of \$1.00.

Examiner Burchmore: Then they pay 26¢ per hundred?

Mr. Butterfield: Yes sir.

Examiner Burchmore: Plus \$1.00 for switching?

Mr. Butterfield: Yes, sir.

Examiner Burchmore: Plus something up there in woods?

Mr. Butterfield: That is charged, I happen to know, di-3243 rectly to their logging expenses.

Examiner Burchmore: What rebate or refund do they get out of that 26 cents?

Mr. Butterfield: Two cents.

Examiner Burchmore: Out of twenty six cents, they get two? Mr. Butterfield: No, the Lumber Company gets nothing from that twenty six cents.

Examiner Burchmore: Then instead of saying that they pay the Illinois Central Railroad twenty-four cents to go to Chicago, you

mean 26 cents, and subsequently you get two cents back.

Mr. Butterfield: Yes sir, That is just exactly what I mean.

Examiner Burchmore: Now, I think I understand you. Now, suppose someone else in the woods—rather portable saw mills in the woods-

Mr. Butterfield: There are quite a few small saw mills I suppose you might call them portable. They take them up and move them once in a while.

Examiner Burchmore: You mention one?

Mr. Butterfield: The Busby Lumber Company. 3244

Examiner Burchmore: They cut their logs into lumber in the woods?

Mr. Butterfield: Yes, sir.

Examiner Burchmore: What do they pay to get a carload of lumber to Chicago?

Mr. Butterfield: Twenty-six cents.

Examiner Burchmore: Then they pay \$1.00 less than you pay you pay 26 cents plus \$1.00 for switching?

Mr. Butterfield: Yes sir. We absorb the switching charge on

inter-charge by their freight.

Examiner Burchmore: Now, I have gotten. I think, at what I was trying to get. What does the N. C. & M. receive on these movements?

Mr. Butterfield: For Lumber, four cents a hundred. Examiner Burchmore: Plus \$1.00 a car in the woods? Mr. Butterfield: From the Butterfield Lumber Company.

Examiner Burchmore: I think that is plain. Perhaps we are a little dense about this, but this refund of two cents in the case of the Butterfield Lbr. Co. shipments, can you-

3245 Mr. Butterfield: I think some of the Illinois Central people here have got a copy of that tariff here. If they will get

By Mr. Brady: Mr. Benway, can you give us a copy of that tariff?

Mr. Benway: No I have a local tariff. I will get a copy of that tariff.

Examiner Burchmore: The point is this. In the case of the Butterfield Lbr. Co. shipments, you state that they paid something in the woods for getting the cars together, and then two cents, about?

Mr. Butterfield: The equivalent of two cents.

Examiner Burchmore: To get the logs up to the Mill.

Mr. Butterfield: Yes sir.

Examiner Burchmore: And \$1.00 for switching at the Mill?

Mr. Butterfield: Yes sir.

Examiner Burchmore: Then, as an original proposition, they pay twenty-four cents to the Illinois Central Railroad?

Mr. Butterfield: Yes sir.

Examiner Burchmore: That makes a total of twenty-six cents?

Mr. Butterfield: Yes sir.

Examiner Burchmore: Plus \$1.00?

3246 Mr. Butterfield: Yes sir.

Examiner Burchmore: Now, subsequently, the Illinois Central entertains a claim and refunds two cents?

Mr. Butterfield: Yes sir.

Examiner Burchmore: Where does that two cents go?

Mr. Butterfield: To the Railroad Company to make the equivalent of four cents on handling.

Examiner Burchmore: The Railroad Company receives that two cents refund, and retains it?

Mr. Butterfield: Yes sir.

Examiner Butterfield: It does not pass to the Butterfield Lumber Company,

Mr. Butterfield: No sir. That two cents is to make up the equivalent of four cents, which we are to get and do get.

Examiner Burchmore: I don't think that is just what you said before.

By Mr. Brady: He did not say that because he did not understand you. I didn't want to interrupt. He knew he was in error at the time.

Examiner Burchmore: The result of it all is that aside from any participation by the Railroad Company the Butterfield Lumi-3247 ber Company pays exactly the same amount as any other shipper on the line, plus \$1.00, and that \$1.00, it pays for extra services.

By Mr. Brady: That is the exact situation, precisely so; the Lumber Company, Mr. Examiner, does not participate in any division of rate whatever in this matter, but the Railroad Company does. The Butterfield Lumber Company is not preferred in any way. It gets extra service for the extra \$1.00 that it pays.

Examiner Burchmore: Where does the Busby Lumber Co. get

their logs?

Mr. Butterfield: They haul then with the teams from different distances from their mills, contiguous to their mill. There mill is located on a side track.

Examiner Burchmore: Does the N. C. & M. Railroad Company charge them anything for taking the cars off that track?

Mr. Butterfield: Yes sir.

Examiner Burchmore: Then the Railroad Company switches for them?

Mr. Butterfield: Yes, it is a very short switching service.

Examiner Burchmore: Are there any other mills on your line in the woods?

Mr. Butterfield: Yes sir.

Examiner Burchmore: They all get their logs by team?

Mr. Butterfield: Yes sir.

Examiner Burchmore: Does the Butterfield Lbr. Co. get

any of its logs by team?

Mr. Butterfield: No sir, none whatever. We have been operating since 1891, and all logs that are near the mill have gone.

Examiner Burchmore: Then, when you want to move a log from a particular tract, you build a spur line? Mr. Butterfield: Yes sir.

Examiner Burchmore: Why don't the other mills build spur

Mr. Butterfield: They have not got the capital, I suppose.

Examiner Burchmore: The Natchez, Columbia and Mobile Railroad Company goes to the expense of going and getting their logs for the Butterfield Lumber Company? Why should it not meet a part of the expenses in getting logs for these other mills?

Mr. Butterfield: It meets none of the expenses, it is compensated

for everything.

Examiner Burchmore: At the 26 cent rate? Mr. Butterfield: No sir, in addition to that.

Examiner Burchmore: Then I don't understand.

Mr. Butterfield: It is entirely separate. That is an entirely separate operation. The Railroad Company owns all the steel and motive power we have and in fact all of the railroad stuff and at the end of the year all of the operations in the woods up to the switching with the main line trains-where the logs are billed from in billing—is figured at and a charge made as I understand—a 10% charge added to the cost of the railroad company for the Lumber Company. It is entirely an outside operation,

Examiner Burchmore: As I understand the Railroad Company takes the logs almost from the tree without expense other than the

26¢ rate to Chicago.

Mr. Butterfield: That twenty-six cent rate covers only from the switch where the train is made up and the main line train takes it, Anything beyond that is covered by what is reported in the annual report to the commission as outside operations.

Examiner Burchmore: What does that outside operation cost or

amount to on a car load of lumber or logs?

Mr. Butterfield: I really cannot say. Last year it amounted to something over \$19,000,00.

3250 Examiner Burchmore: On how many thousand feet of

Mr. Butterfield: Well, something like 33,000,000

Examiner Burchmore: It costs these other Companies a great deal more to team their logs in than that, does it not? "

Mr. Butterfield: I don't know, I suppose it does.

Examiner Burchmore: Did you state the total capitalization of the Railroad Company?

Mr. Butterfield: No sir.

Examiner Burchmore: What is it?

Mr. Butterfield: \$1,000,000.00.

Examiner Burchmore: What is outstanding?

Mr. Butterfield: \$900,000.00 is outstanding, and \$100,000.00 is held as Treasury stock.

Examiner Burchmore: What is the total mileage of the Rail-

road?

3252

Mr. Butterfield: We have 34 miles on main line and main branches.

Examiner Burchmore: That is \$30,000.00 a mile? Mr. Butterfield: That is the capitalization, yes sir. Examiner Burchmore: Are there any bonds?

Mr. Butterfield: None. 3251

Examiner Burchmore: Any indebtedness?

Mr. Butterfield: None whatever.

Examiner Burchmore: Except current liabilities?

Mr. Butterfield: None whatever.

Examiner Burchmore: What equipment does the Road own? Mr. Butterfield: We own three 60-ton Baldwin 10 wheel fast

freight type locomotives; one 40-ton 6 wheel, Grant switcher; one 72-ton and one 74-ton Shay Gear Type Locomotive. There are two passenger cars, a baggage car, three box cars. I think there are 10 flat cars for handling lumber along the line, and about 75 log cars.

Examiner Burchmore: Does it lease any additional equipment?

Mr. Butterfield: No sir.

Examiner Burchmore: It owns all of that equipment outright? Mr. Butterfield: Yes sir, and then some work equipment, pile driver and work cars.

By Mr. Brady: Railroad sheds?

Mr. Butterfield: The Butterfield Lbr. Co. owns that.

Examiner Burchmore: Are you informed as to the cost of constructing this road independent of equipment.

Mr. Butterfield: Well, fairly so. Examiner Burchmore: State your knowledge.

Mr. Butterfield: Well, the road costs with equipment—has cost to date with equipment-I think in the neighborhood of \$8,000.00 a mile, and the equipment cost \$2,000.00 a mile. I can give you the exact figures if you will allow me to look at the annual report which I have here.

Examiner Burchmore: You may do that, but before we pursue that line of questioning, I will ask you one or two questions about

the capital stock; was the stock issued for cash?

Mr. Butterfield: Partially. That is all in here too; with an explanation to the commission. I said thirty-four miles cost \$11,460.42 a mile. I have not divided—the 1910 report does not require me to divide out the equipment and I have not done so, but I can figure it if desired. That \$11,000,00 includes equipment. That is the total.

This Examiner Burchmore: Have you not some figures? \$374,000,00 is approximately the cost of the-

Mr. Butterfield: Yes, sir, I have that right here. Lean 3953 explain that to you very simply, \$389,592.00.

Examiner Burchmore: That is the road and equipment.

Mr. Butterfield: Yes sir.

Examiner Burchmore: Of that, how much is equipment?

Mr. Butterfield: \$55,785,32. No there is an addition; the way that I had that last year, I am not telling the truth. The idea is, it was \$55,785,32 and there was added since 1907, \$23,515,33.

Examiner Burchmore: \$389,000,00 figures correctly. Mr. Butterfield: Yes, that is the total to June 30, last.

Examiner Burchmore: Now, this \$389,000.00 is the total cost of the railroad and equipment. You had \$900,000,00 outstanding

capitalization. What became of the balance?

Mr. Butterfield: That is a special agreement between the stock-holders and the railroad company itself probably. They issued \$1,000,000.00 of stock and \$100,000.00 of stock was held in the Treasury and the stockholders, as they needed addition and betterment were to pay for those needed additions and betterments-additions to the road-out of this \$1,000,000,000.

Examiner Burchmore: Then the \$900,000,00 were issued 3254 to stockholders, but only partial payment made on the stock?

Mr. Butterfield: Yes sir.

Examiner Burchmore: What was the first assessment?

Mr. Butterfield: The first assessment was for the building of the road, \$225,000.00. Then the stock was increased at a later date to this \$1,000,000.00, and of that \$1,000,000.00—of the additional amount-\$164,000.00 for betterments and additions had been paid It is being paid by the stockholders as the road is bettered or

Examiner Burchmore: And from that time to time, there will be

additional assessments, I assure, if necessary?

Mr. Butterfield: Yes, sir.

Examiner Burchmore: Have you ever paid any dividends on that stock?

Mr. Butterfield: Never have.

Examiner Burchmore: Have you accumulated any surplus? Mr. Butterfield: Each year, the surplus has been put in for betterment.

Examiner Burchmore: It is simply raising the standars of your

road each year?

Mr. Butterfield: That is all.

3255 Examiner Burchmore: I think you said, although I am not quite clear, because we have here so many companies and they are so similar-I think you said that the stockholders were substantially identical in the two companies?

Mr. Butterfield: They are identical; not substantially, the execu-

tive offices are the same.

Examiner Burchmore: And reference may be made to the annual reports for a statement as to the operating expenses and operating revenues etc.?

Mr. Butterfield: It is right there if you want to go over it—our copy.

Examiner Burchmore: The repair shops are owned by the Lum-

ber Company?

Mr. Butterfield: Yes sir.

Examiner Burchmore: The engines and locomotives and cars of the Railroad Company are repaired in those shops?

Mr. Butterfield: Yes sir.

Examiner Burchmore: What is the basis of charging for those repairs?

Mr. Butterfield: Actual cost and superintendent.

3256 Examiner Burchmore: What is the basis of superintendence?

Mr. Butterfield: Five per cent.

Examiner Burchmore: Does your Company make annual and monthly reports to the Commission?

Mr. Butterfield: Yes sir.

Examiner Burchmore: Extended reports?

Mr. Butterfield: Yes sir.

Examiner Burchmore: Are those cars and locomotives equipped

with proper safety devices when operated in trains?

Mr. Butterfield: When not entirely intra-state. When it is entirely interstate, or interstate traffic is handled, it is handled according to the Interstate Commerce Commission's requirements.

Examiner Burchmore: Do you call Long's Interstate traffic?

Examiner Burchmore: Do you call Long's Interstate traine?

Mr. Butterfield: We call the equipment that handles these logs intra-state, because the cars never leave that line. They are equipped

for a particular service and require a particular kind of equipments.

in a way as they never leave the line of road and we call

3257 them intrastate.

Examiner Burchmore: You understand that if a box car train takes one box outside of the state that car has to be coupled with air-brakes?

Mr. Butterfield: Yes sir.

Examiner Burchmore: Your compliance with the statute conforms to that part?

Mr. Butterfield: Yes sir.

Examiner Burchmore: Logging cars of the Company do not need to be equipped with devices under certain—

Mr. Butterfield: We do not interpret the law that way and do

not equip the cars that way.

Examiner Burchmore: The law makes an exception of logging cars under certain circumstances. Do you keep your accounts in accordance with the custom prescribed by the commission?

Mr. Butterfield: As far as we can. We have some little diffi-

culties now and then.

Examiner Burchmore: Did you make an effort to comply?

Mr. Butterfield: Yes sir we do.

Examiner Burchmore: Will you furnish or have furnished a map of this line showing—

3258 By Mr. Brady: We have it now. We have a map with the Mississippi Railroad Commission ordered and prepared by the Railroad Commission of that state which shows this Railroad.

Examiner Burchmore: Does it show the location of the Mill and industries and forests?

Mr. Brady: No sir; we have asked in this petition to be allowed

to file that kind of a map.

Examiner Burchmore: Please do so. A letter will be sent out, I think, describing the nature of that map. If not, some further announcement will be made in this hearing. We will desire a tonnage statement, but before asking for that I would like to ask one or two questions with respect to traffic.

Mr. Butterfield: There is a tonnage statement in the tonnage re-

port.

Examiner Burchmore: That statement does not indicate what traffic or what operation of that traffic is furnished by the controlling interest. We would like a statement of the traffic of your road for the last fiscal year, and if you choose, you may bring it down to date

if you desire to show the last fiscal year separately and indicate thereon the amount of logs handled for the Butterfield Lumber Company and the amount of Butterfield Lumber Company lumber and other products handled out of there, and indicate separately the amount of other traffic handled for the Butterfield interests, and in another place the traffic handled for the public—the general public. I refer now to freight traffic. I presume your passenger traffic is set forth in your report. The statement should not only show tonnage, but revenue, in the same way. Now, can you state in a general way what proportion of the freight ton-

Company.

Mr. Butterfield: Well, the total freight earnings was only \$96,-000.00 and something of which \$67,000.00 was charged against the Butterfield Lbr. Co. for freight haul and \$30,000 and some odd dol-

nage of the road in the last year was handled for the Butterfield Lbr.

lars was for other people on the road.

Examiner Burchmore: To that \$67,000, should there be any addition?

Mr. Butterfield: The switching charge is in addition to that.

Examiner Burchmore: Should there be any addition on account of this refund allowed by the Illinois Central?

Mr. Butterfield: No sir.

Examiner Burchmore: This takes account of it? This \$67,000.00 is the gross amount you received on Butterfield tonnage?

Mr. Butterfield: Yes sir.

Examiner Burchmore: What is the extent of your passenger traffic?

Mr. Butterfield: Very little it amounts to. Last year I think—I can give you the exact figures from here. \$2800.00 I think. Examiner Burchmore: Do the passengers travel on tickets?

Mr. Butterfield: Yes sir. Sometimes train fares. On that little road, the majority of times they pay train fare, and sometimes travel on ticket. \$2897.00 was the passenger revenue. That does not include the mail.

Examiner Burchmore: Do you sell commutation tickets?

Mr. Butterfield: No sir, simply one way tickets.

Examiner Burchmore: Any other tickets in connection with the Illinois Central?

Mr. Butterfield: No sir; we concur in the through rates but no

tickets have ever been issued in that way.

3261 Examiner Burchmore: Well, what is your train service?

Mr. Butterfield: We have one mixed train each way daily
except Sunday and there are two logging trains daily except Sunday. One of these log trains carries a passenger car and accommodates passengers as a matter of accommodation so as to give a double service.

Examiner Burchmore: Do these discharge passengers at the I. C.

trains?

Mr. Butterfield: Yes sir, they make connection at Norfield with the Illinois Central trains north and south.

Examiner Burchmore: Do the employees of the Lumber Com-

pany pay fare when riding over the road?

Mr. Butterfield: No sir, they do not pay any fare. The lumber company prefers to let them ride free but each one is given a certain kind of ticket and that ticket is turned in and the lumber company pays three cents a mile to the Railroad Company for it. That is the flat rate.

Examiner Burchmore: Do you issue any passes over your road?

Mr. Butterfield: Yes, sir.

Examiner Burchmore: Very extensively?

Mr. Butterfield: Not so very.

3262 Examiner Burchmore: Have you inter-change passes: do you interchange with other railroads?

Mr. Butterfield: Yes sir interchange passes.

Examiner Burchmore: What passes are held by your office from the Illinois Central?

Mr. Butterfield: Three; the President, Vice-President and myself.

en.

Examiner Burchmore: Are those passes used?

Mr. Butterfield: Yes sir.

Examiner Burchmore: Do the officers make any distinction between railroad company passes and lumber company passes, or use the passes indiscriminately?

Mr. Butterfield: I cannot say that they make any great distinc-

tion; when we need to use the pass, we use it.

Examiner Burchmore: Whenever you travel over the Illinois Central, you use it?

Mr. Butterfield: Yes sir.

Examiner Burchmore: Is it an annual pass?

Mr. Butterfield: Yes. sir.

Examiner Burchmere: Have you passes on any other road? Mr. Butterfield: Yes sir.

Examiner Burchmore: How many passes?

3263 Mr. Butterfield: Oh, I den't know

Examiner Burchmore: A great number?

Mr. Butterfield: Well not so many.

Examiner Burchmore: On large roads?

Mr. Butterfield: May be seven or eight large systems.

Examiner Burchmore: The same is true of your President? Mr. Butterfield: They are all issued alike, to the three of us.

Examiner Burchmore: Are there any other mills or industries on your line that are controlled by the Butterfield Lbr. Co., although not operated in its name?

Mr. Butterfield: No sir, none. Examiner Burchmore: Will you answer the question in the negative if I widen the scope so as to include people who are interested in the Butterfield Lumber Company?

Mr. Butterfield: Yes sir, it would be the same answer. Examiner Burchmore: No relation between the Butterfield Lbr. Company and its owners and any other industry along this line?

Mr. Butterfield: No sir.

Examiner Burchmore: The same is true of the Railroad Company and other industries along this line?

3264 Mr. Butterfield: Yes sir, exactly so.

Examiner Burchmore: Where does the Railroad Company keep its cash?

Mr. Butterfield: The Railroad Company does not handle any cash

Examiner Burchmore: Well, does it have a bank account?

Mr. Butterfield: No sir. It is handled by the Butterfield Lbr. Co. so as to minimize Book-keeping expenses for a small road

Examiner Burchmore: Well does the Lumber Company allow interest on the money while it holds it?

Mr. Butterfield: Yes sir.

Examiner Burchmore: I don't know whether I asked the question about joint office employees. Do the same persons act as book-keepers and accountants and clearks for the Lumber Company and the

Railroad Company?

Mr. Butterfield: Not exactly. The auditor is the auditor of the Lumber Company and the Railroad Company: the assistant Auditor is for the Railroad only. Our Traffic Manager who is also the General Freight Agent, is in the office and he is a Railroad employee only-the General Manager and myself-I have a stenographer who is a Railroad employee only.

3265 Examiner Burchmore: Does she work with the Lumber

Company?

Mr. Butterfield: No sir, she sometimes helps out as we expect the Lumber Company to help out in a pinch, but she is entirely paid for her services by the Railroad Company.

Examiner Burchmore: How many joint office clerks are there for

Mr. Butterfield. I don't know that you would call any of them joint office clerks-I think there is only one, and that is my stenographer.

Examiner Burchmore The other persons who work for the Lum

ber Company are also paid by the Railroad Company?

Mr. Butterfield The only other one-I did not quite catch on. Examiner Burchmore There are other Lumber Company em-

ployees who receive partial compensation from the Railroad Company?

Mr. Butterfield: Yes, the Lumber Company's time-keeper is also the Railroad Company's time-keeper.

Examiner Burchmore: And the pay is in proportion to services rendered?

Mr. Butterfield: Yes sir.

Examiner Burchmore: Are there any other employees of

3266 whom that is true? Mr. Butterfield: Yes sir; that is the employees in the woods. The general scaler. And at one of the water tanks—the engineer at one of the water tanks we use jointly. The Butterfield Lumber Company has a weigher who is paid jointly, as the Railroad Company uses him.

Examiner Burchmore: The Lumber Company uses no scale?

Mr. Butterfield: No sir.

Examiner Burchmore: How many employees are there in the road department of the Railroad Company?

Mr. Butterfield: Regular employees?—I will have to look that up. Examiner Burchmore: That is shown up, I presume, in your annual report?

Mr. Butterfield: Yes sir.

Examiner Burchmore: How many train crews?

Mr. Butterfield: Two regular train crews; when operating two regular train crews, and it has a full quota of three men and a conductor.

Examiner Burchmore: Three men and a conductor?

Mr. Butterfield: Yes sir; and then the switching and extra crew each have the engine crew and one man.

3267 Examiner Burchmore: The Railroad Company has water tanks?

Mr. Butterfield: Yes sir.

Examiner Burchmore: Any public team tracks?

Mr. Butterfield: Yes sir.

Examiner Burchmore: You charge depreciation on your equipment?

Mr. Butterfield: Yes sir.

Examiner Burchmore: At what rate?

Mr. Butterfield: Five per cent per annum. I have just gone through that with the commission. Heretofore, up until last year, we absorbed our depreciation in the annual inventory, and I understood that was satisfactory until a little while ago, but since that time we have been charging depreciation as required.

Examiner Burchmore: Is the difference between \$900,000,00 the capital stock issued, and \$390,000.00 paid in, under assessment car-

ried on the books in any form?

Mr. Butterfield. No sir, escept that we carry that as a debit balance. Examiner Burchmore: As a deficit?

Mr. Butterfield: Yes sir.

Examiner Burchmore Is that correct under the accounting 3268 rules of the Commission?

Mr. Butterfield: Well, I am not sure. I explained that

matter to the Commission in making the annual report, the year that was done, and they have had nothing to say about it.

Examiner Burchmore: Mr. Gutheim thinks it is not in keeping

with the requirements.

Mr. Butterfield: That was not done. Several years ago I fully explained to the Commission at that time. I wrote a long sheet and put it in there, and there were no remarks made.

By Mr. Gutheim: The fact is that \$900,000.00 were outstanding

in the hands of the stockholders?

Mr. Butterfield: Yes sir.

Cross-examination:

By Mr. Brady: Mr. Butterfield. I will ask you whether or not there was a desire on the part of the people, the stockholders of the Butterfield Lumber Company to have the Illinois Central Railroad build a

railroad so as to supply that mill with Logs?

Mr. Butterfield: Well, when the Company was first or-3269 ganized and moved to this location-rather when it first moved in this location, they tried to get the Illinois Central Railroad to do that-we were given to understand that the trunk lines in the North did this on percentage of the freight taken away from the mill or handled from the mill as an initial carrier. Trunk lines in Wisconsin will build thirty or forty miles of Logging Road, but the Illinois Central did not see it that way at all.

Mr. Brady: When you chartered your Railroad Company, did you

purpose to build a permanent railroad?

Mr. Butterfield: Yes sir, we did. We thought at that time that the country thru which we were going would be able in time to support a railroad.

Mr. Brady: Is it your purpose to extend this road and use it as a

permanent road?

Mr. Butterfield: Yes sir.

Mr. Brady: What was the nature of the territory through which the road ran before it was put down?

Mr. Butterfield: Mainly open woods.

Mr. Brady: What is the character of the territory now?

Mr. Butterfield: Well, where the timber has been cut off is very good farming country, and has been opened up and quite thickly populated with farmers.

Mr. Brady: Ehat of the population? Was it scarcely or thickly

settled?

Mr. Butterfield: Very scattering, out from the Railroad.

Mr. Brady: What is the population now?

Mr. Butterfield: Well, I think it has increased about one hundred per cent along the line of the Railroad Company tracks.

Mr. Brady State whether a good deal of the country along the right of way belonged to other people than the Butterfield Lumber

Mr. Butterfield: All along the right of way of the permanent road? The majority of the land belonged to people other than the Butter. field Lumber Company. The Butterfield Lumber Company has leased a large share of its cut-over lands and they have now become farming lands.

Mr. Brady: What is the purpose of the Railroad in reference to the lands that are cut over alongside of its tracks and the development of this land?

Mr. Butterfield: Well, the Railroad Company really had nothing to do with the land as they are owned by the Butterfield Lumber Company. It is the Lumber Company's purpose to sell

that off as fast as possible.

Mr. Brady: What is the Railroad Company's purpose relative to serving—

Mr. Butterfield: It is to the Railroad Company's interest to get as many inhabitants along its line as possible.

Mr. Brady: Is there a road east of you? Mr. Butterfield: Yes sir, the N. O. & G. N.

Mr. Brady: The New Orleans and Great Northern?

Mr. Butterfield: Yes, sir. Parallels it and the Gulf and Ship Island Railroad on the other side, up Pearl River.

Mr. Brady: The New Orleans and Great Northern, at what point does it connect?

Mr. Butterfield: It runs from New Orleans to Jackson.

Mr. Brady: How far are you from that road?

Mr. Butterfield: We have an extension of our Northeastern branch. It is graded within two miles of it.

Mr. Brady: Was it your purpose to connect with the N. O. &. G. N.?

Mr. Butterfield: At some date, ves.

Mr. Brady: What distance North is it to the Railroad running parallel to yours?

Mr. Butterfield: I think fourteen miles.

Mr. Brady: What distance is that to the Railroad parallel?

Mr. Butterfield: I don't know just how far it is. 12 and 4—about 16 miles.

Mr. Brady: What Railroad facilities have the people other than that of this road between these two roads?

Mr. Butterfield: None whatever.

Mr. Brady: What is this Railroad doing towards the development of that territory?

Mr. Butterfield: It is doing all that it can.

Mr. Brady: What does that mean to say? Is it developing that territory?

Mr. Butterfield: The territory is developing and developing rapidly. Becoming more thickly inhabited and we have joined an immigration movement in the state trying to get settlements along the line of the road.

Mr. Brady: What is doing that?

Mr. Butterfield: The Railroad Company.

Mr. Brady: The Railroad Company is making that effort?

Mr. Butterfield: Yes sir.

Mr. Brady: When it connects with the N. O. & G. N., your road

will then be connected with New Orleans and with Jackson 3273 from that road?

Mr. Butterfield: Yes sir.

Mr. Brady: We offer, for this record, Mr. Examiner, Passenger Tariff I. C. C. #1 as Exhibit "C."

We further offer Passenger Department, I. C. C. #2, as Exhibit

"D."

Further Tariff I. C. C. 1111 as Exhibit "E." Tariff Index I. C. C. L as Exhibit "F." We offer the time table #21 as Exhibit "G."

The said time table #21 was offered and identified and was received in evidence and thereupon marked "Defendant's Exhibit "G." received in evidence December 12, 1910," page —, and is attached hereto.

We offer the division sheets of freight rates with the Illinois Cen-

tral Railroad Company as Exhibit "H."

We offer a copy of the map of the Railroad Company which we ask leave to file. We tender for examination the books showing the method in which the book-keeping of the Company is done. We want the notes to show we make the tender.

Examiner Burchmore: You don't need to make that tender. The time tables and division of sheets and the map may be received in evidence as Exhibits now or later if you have not them with you. They may be sent to the Commission, but the tariff we will not re-

ceive as Exhibits, as you have called attention to them, and they are on file with the Commission. If you have any tariffs not on file with the Commission, you car file them, but we will not take as Exhibits anything you have on file with the Commission. We do not wish to cumber the record.

Mr. Brady: We offer-I suppose that will fall under the same

ruling-our reports from 1905 to date.

Examiner Burchmore: They will be referred to. Mr. Butterfield, I will ask you whether or not this Railroad Company has been doing a successful business and has carned anything above expenses?

Mr. Butterfield: It has earned in passenger traffic until last year-

last year, it earned about 10% on the investment,

Examiner Burchmore: What has been done with these earnings?
Mr. Butterfield: Invested in bettering the road and extending it.
Examiner Burchmore: Has any other sum of money been put

into the maintenance of the road bed?

Mr. Butterfield: Each year out of its surplus of capital stock which was issued to the stockholders, there is a sum of money put into the road as it needed it. Last year, it had in the neighborhood of \$40,000,00.

Examiner Burchmore: State whether or not the road is constructed—the bed of the road itself—is constructed about as the average trunk line of a railroad bed is constructed?

Mr. Butterfield. The Railroad bed is constructed up to the stand-

ard of single track trunk line Railroads.

Examiner Burchmore: What about your Railroad branches?

Mr. Butterfield: They are built to the standard of single track
trunk line Railroads.

Examiner Burchmore: When did you first learn of this hearing? Mr. Butterfield: I first learned of it when you telephoned to me. Examiner Burchmore: When was that?

Mr. Butterfield: The latter part of last week sometime.

Examiner Burchmore: You want to bring out the fact that you were not notified?

Mr. Brady: No, the point is this, we may overlook something that we ought to introduce if we had the time in which to prepare it, and that ought to measure something as an excuse for us.

Examiner Burchmore: That simply amplifies your petition
Mr. Brady: Yes. Is there anything, Mr. Butterfield, you would like to state relative to the Railroad Company, that you think of? I have some questions. Do you carry United States mail?

Mr. Butterfield: Yes sir.

Mr. Brady: Do you carry Express?

Mr. Butterfield: We have express rates. We do not carry any connection with any regular express Companies.

Mr. Brady: State whether or not your rates for lumber and other commodities on this road have been fixed by the Railroad Commission of the State of Mississippi?

Mr. Butterfield: They all have to be submitted to the Railroad Commission of Mississippi, and approved before we can use them.

Mr. Brady: State whether or not that particular rate asked by the Railroad Company relative to the Busby mill was fixed by the Railroad Commission?

Mr. Butterfield: No, that was not, that was an interstate rate of two—four cents per hundred pounds on lumber is the rate fixed by the State.

Mr. Brady: State whether cr not you are complying with the regulations of the State Railroad Commission and the Interstate 3277 Commerce Commission?

Mr. Butterfield: Just so far as we know them, and I think

we know them pretty well, we are.

Mr. Brady: State whether or not you have been adjudged by the courts of Mississippi as a common carrier?

Mr. Butterfield: We have.

Examiner Burchmore: I have a few more questions that occur to me that I think ought to be in the record. Have you had any other applications from any other lumber people to put in logging tracks connected with your line out in the woods?

Mr. Butterfield: No sir, never have.

Examiner Burchmore: Suppose you received such application,

would you consider granting it?

Mr. Butterfield: Very seriously. If they had any amount of timber that would make it a paying proposition to handle, but you have to figure on a logging spur and the amount of timber it is going to haul out as against the amount of expenses we are going to.

Examiner Burchmore: Would you operate such a spur to any other point on substantially the same basis as with the Butterfield Lumber Company?

Mr. Butterfield: Yes sir. 3278

Examiner Burchmore: You have never received any such

application?

Mr. Butterfield: No sir, have no likelihood to receive such an application, as the Butterfield Lumber Company owns all the timber in that neighborhood.

Examiner Burchmore: Then these other people buy from the

Butterfield Lumber Company?

Mr. Butterfield: No sir. They had scattering holdings that we were unable to buy because of various reasons. We were not able to absorb it for various reasons, and there is a body of it there which lasts a small mill a considerable time.

Examiner Burchmore: You say you have under actual consider ation, a serious consideration, the question of connecting with the

N. O. & G. N. Railroad?

Mr. Butterfield: We have had it under such serious consideration that we approached their Traffic Manager—I did personally—with a view of getting a line on the division which he would be able to give us on our business. He got a proposition from us

Examiner Burchmore: Is that proposition more favorable 3279 than that with the Illinois Central? That division?

Mr. Butterfield: Yes sir.

Examiner Burchmore: Would your connection on the N. O & G. N. Railroad result in an increase in your business?

Mr. Butterfield: I don't know.

Examiner Burchmore: Would you anticipate that result?

Mr. Butterfield: I don't know. There are several factors enter-

ing into that that I am entirely unable to say.

Examiner Burchmore: We don't wish to call for speculative opin Were the towns to which you refer. Verna, Topeka, etc --were those towns there before you built?

Mr. Butterfield: No sir.

Examiner Burchmore: What character of towns are they now? Mr. Butterfield: Little small towns. One or two of them have only five or six houses, but it is a nucleus,

Examiner Burchmore: What is the population of Verna?

Mr Butterfield: Say 150.

Examiner Burchmore How many houses in Topeka?

Mr. Butterfield: Probably 12 houses, and there is a Mercantile Company there. We have located a side track and it happens to be a cross-roads near there, and it is a nucleus for a rather thickly populated country. We have a side track and do quite a bit of cotton hauling and fertilizer and handle quite a good haul from there.

Examiner Burchmore Was there any settlement at Old Camp? Mr. Butterfield: Yes quite a little settlement there, it was settled. Originally there was nothing there—it was started because we located a logging camp there. The Lumber Company moved a logging Camp there, and the Railroad Company built some houses there and a little saw mill was put up there, and I suppose its population now is in the neighborhood of 150 or 160 people

Examiner Burchmore: Is there anything at Furlough?

Mr. Butterfield: No sir, that is only a point established not more than six or eight months ago.

Examiner Burchmore: Main Line Junction?

Mr. Butterfield: That is a small switch.

Examiner Burchmore: At what point does the Butterfield Lumber Company maintain its Company stores or Commissary?

3281 Mr. Butterfield: It does not maintain any at all

Examiner Burchmore: Does the Railroad Company have any?

Mr. Butterfield: No sir, we have a general supply store, but that is kept under the item of material and supplies in the annual report.

Examiner Burchmore: Does the Butterfield Lumber Company have any subsidiary concerns that have mercantile enterprises or commissaries?

Mr. Butterfield: No sir. We do business with an entirely foreign corporation on a percentage basis for the business we furnish.

Examiner Burchmore: The Butterfield Lumber Company gets a

percentage?

Mr. Butterfield: Yes on the business we furnish.

Examiner Burchmore: They give your employees—the lumber company employees—credit—you give them a cash check?

Mr Butterfield: Yes sir.

Examiner Burchmore: It is operated as a company store?

Mr. Butterfield: Operated exactly as a Company store.

Examiner Burchmore: Then, it in substance, farms out that privilege?

Mr. Butterfield: Yes sir.

Examiner Burchmore: Where are those stores located?

Mr. Butterfield: They have a store at Northfield and a store house or store room at Camp Twelve, where the stuff is delivered to the employees at the other end of the road.

Examiner Burchmore: What rate of freight is charged on this

merchandise handled?

Mr. Butterfield: The regular rate.

Examiner Burchmore: The regular rate of freight?

Mr. Butterfield: Yes sir.

Examiner Burchmore: There are no other small stores at Verna or Topeka?

Mr. Butterfield: Yes sir, one at each one of these places—several

of them.

Examiner Burchmore: All these towns are made up mostly of Mill employees—I mean, Lumber Company employees?

Mr. Butterfield: No sir, not at all. There may be one or 3283 two from each place, but the towns are made up of country

people and farmers around there.

Examiner Burchmore: I notice the executive officers of this Railroad as entered on the back of the time table seem to be largely the Butterfields?

Mr. Butterfield: Yes sir, it happens to be so.

Examiner Burchmore: The Butterfields control this corporation? Mr. Butterfield: Yes sir.

Examiner Burchmore: Have they any interest in lumber operations elsewhere?

Mr. Butterfield: No sir.

Examiner Burchmore: They have no other Lumber Company?

Mr. Butterfield: No sir.

Examiner Burchmore: That is their entire interest?

Mr. Butterfield: Yes sir.

Examiner Burchmore: They have no Michigan lumber? Is there any relation between this Railroad Company and other Railroad Companies, save that of traffic relation?

Mr. Butterfield: No sir, none whatever. Yes there is in a way.
I don't know whether that will apply right here or not but the
3284 Illinois Central—we have a contract with them—they built
the first five miles of our line, and they have an interest in

the first five miles in so far as the iron on it goes.

Examiner Burchmore: My next question was whether you have any contract with the Illinois Central?

Mr. Butterfield: We have a track that switches at Norfield.

Examiner Burchmore: Are those contracts filed in the Commission?

Mr. Butterfield: I don't think they are.

Examiner Burchmore: If they cover rates or divisions in any shape or form, they ought to be filed?

Mr. Butterfield: They don't cover anything like that.

Mr. Brady: As a matter of fact, notice has been given the Illinois Central that this contract for miles of steel was terminated and that the N. C. & M. Railroad Company desired to purchase under the terms of the contract.

Examiner Burchmore: Please file a copy of these contracts in this record. I presume there is nothing in that you wish to keep away?

Mr Brady: No sir. We want to give everything we have got.

Examiner Burchmore: There may be some contracts which for business reasons you may not wish to file? Do you participate in joint thru classes of rates and thru commodity rates?

Mr. Butterfield: Yes sir.

Examiner Burchmore: To interstate points?

Mr. Butterfield: Yes sir.

Examiner Burchmore: I presume these tariffs are referred to in your index of tariffs?

Mr. Butterfield: Yes sir.

Examiner Burchmore: What is the basis of rates—as from Topeka? In the first place, are all stations on your line grouped—take the same rates?

Mr. Butterfield: ractically, except on some classes. It graduates as to distance.

Examiner Burchmore: To Chicago, for instance, or Memphis, or New Orleans. Are there grouped rates from all stations on most commodities?

Mr. Butterfield: Yes sir. The major portion of through rates are

put in the tariff for which Mr. A. D. Hall is agent. I can give you the exact ones.

3286 Examiner Burchmore: Are these rates from points on your line, the same as the Illinois Central rate from Norfield?

Mr. Butterfield: No sir.

Examiner Burchmore: How much higher are they?

Mr. Butterfield: It takes in our local, I believe.

Examiner Burchmore: Are they equivalent to the sum of the locals?

Mr. Butterfield: Well, I don't know about the Illinois Central, but except on intra-state traffic—it is all local rate and the through rate.

Examiner Burchmore: Then your division of the class and com-

modity rate is the same? As under your state tariff?

Mr. Butterfield: Yes, no it is not. I made a mistake because the Intra-state rate provides—rather the State Commission provides that the rate in the state handled on two railroads shall be the sum of the two locals less 10%.

Examiner Burchmore: That is not just what I meant. You get the same on shipments from Topeka to New Orleans as your 3287 division—you receive the same amount under the joint rate?

Mr. Butterfield: Yes sir, I think so.

Examiner Burchmore: You get your regular one line rate as a division?

Mr. Butterfield: In Intra-state traffic?

Examiner Burchmore: And on State Traffic, it is 10% less?

Mr. Butterfield: Yes sir.

Examiner Burchmore: I want to ask one question about that. The \$1.00 charged for switching to the Butterfield Lumber Company, is that published in any form.

Mr. Butterfield: I don't know whether it is or not. I am inclined

to think it is not.

Examiner Burchmore: If it is published, I wish you would look the matter up and refer us to the tariff rate which you will find. You can refer by letter. If it is not published, the inquiry arises whether you have the right to collect that \$1.00 which is not provided for by published tariff?

Mr. Butterfield: I can tell you very easily how that \$1.00 arises. It was a matter of trouble we were having with our claim department on the average in weights, and the Illinois Central used to come into our yard, and do all the switching for the

Lumber Company.

Examiner Burchmore: When did this discontinue?

Mr. Butterfield: Years ago. When they discontinued was when we put in our two cents and the Lumber Company and the Railroad Company agreed that the Railroad Company would do the switching of the cars, and place them out there for the Illinois Central at \$1.00 per car.

Examiner Burchmore: You don't charge that \$1.00 against other

mills.

Mr. Butterfield: No sir, because we don't have the work to do for

them that we have to do for the Butterfield Lumber Company. The Railroad Company simply absorbs any switching which there might be at Norfield. There is no switching for anybody else.

Examiner Burchmore: The Butterfield Lumber Company does

not complain about that charge?

Mr. Butterfield: No sir. They were opposed to it when it was made.

Examiner Burchmore: It was simply a transfer of funds into a

subsidiary corporation?

Mr. Brady: The stockholders are about the same.

Examiner Burchmore: They are dealing with each other

at arms' length?

3289

Mr. Butterfield: I am inclined to think they do. Ralph Butterfield is the Manager of the Railroad Company and -is brother is the Manager of the Lumber Company, and they deal with each other in pretty strict accordance with the rules of business.

Examiner Burchmore: There is rivalry between them?

Mr. Brady: They handle the business like you and I manage business. The only thing of course, there is a feeling that it is your money and my money, you know, but in business matter, they are right there.

Examiner Burchmore: It is all two railroads in the same system. Have there been any damage suits for personal injuries brought

against the Railroad Company?

Mr. Butterfield: Yes sir.

Examiner Burchmore: Have you paid any money on judgments?

Mr. Butterfield: I think we have been very lucky. I don't think we have paid very much.

3290 Mr. Brady: We have two cases now in the Supreme Court. Examiner Burchmore: Any under the common carrier statute?

Mr. Butterfield: There have been several.

Mr. Brady: Yes. One is brought under the Common Carrier statute.

Examiner Burchmore: And judgment has been rendered?

Mr. Butterfield: Judgment has been rendered in the lower court in one case for \$400.00 and in another case for \$175.00, both of which are now pending in the Supreme Court.

Examiner Burchmore: Then your status as a Common Carrier

has not been questioned?

Mr. Butterfield: They have decided a long time ago in a case that we were one.

Examiner Burchmore: They decided you were a common carrier?

Mr. Butterfield: Yes sir. When the question first arose, 10 years ago—there was a car load of fertilizer burned, and the question arose there as to whether or not we were a common carrier, and we had just commenced—the road had just commenced to do business—and

the Court held in that case that we were a Common Carrier.

3291 That car was burned on the switch track of the Butterfield Lumber Company.

Mr. Brady: We decided the case on the ground—for the reason of the fact that as it was delivered to a track, our liabilities ceased and the question was passed on in that case. That is my recollection.

Examiner Burchmore: Anything further?

Mr. Brady: Just one or two. We want to ask leave to submit a copy of our charter.

Examiner Burchmore: That is unnecessary.

Mr. Brady: I will ask some questions. The Western terminus—the intended Western terminus of your road is what point?

Mr. Butterfield: Natchez.

Mr. Brady: And the Eastern or Southern?

Mr. Butterfield: Mobile.

Mr. Brady: Where do you intend to go after intersecting N. O. & G. N. Railroad, directly to what point?

Mr. Butterfield: It goes almost directly to Columbia, Mississippi.

3292 Mr. Brady: That is the prospectus of the road?

Mr. Butterfield: Yes sir.

Mr. Brady: What size town is Columbia?

Mr. Butterfield: I don't know. It has grown so the last few years that I have no idea. It must have two thousand people.

Examiner Burchmore: The purpose is to show-

Mr. Brady: We intend to build this road into Columbia and ultimately we will want a Mobile connection. It is a small road, but does bona-fide intend to build a railroad. That is my purpose in asking the question.

Examiner Burchmore: The witness has stated that that is the

intent.

Mr. Brady: Mr. Butterfield, you were asked the question in reference to putting in side tracks and spurs for other corporations if such were to spring up along your road. Is it not a fact that undethe rulings of the Railroad commission of your own state and the Laws of Mississippi you are required to do that?

Mr. Butterfield: Yes sir.

Mr. Brady: Whether the Company wanted to or not, it is required, and if it is a common carrier, it is required to put in switches?

Examiner Burchmore: Is that the requirement practically of all State Commissions?

Mr. Butterfield: Yes sir.

Examiner Burchmore: It would require him to build a switch or tap line out in the wood?

Mr. Brady: Yes sir.

Examiner Burchmore: But if you were requested to build a ten mile tap line into the woods, would you consider such a line, for say, Smith & Company.

Mr. Brady: I am not certain. We would not be compelled to build it under the laws of Mississippi; we might be compelled to do

it under our commission.

Examiner Burchmore: You have no further statement to make, Mr. Butterfield?

Mr. Sutterfield: None that I know of.

Mr. Brady: We ask leave, if we think of anything—we have come here on three or four days' preferation—we ask leave to be allowed to mail it in—anything we may consider necessary.

Examiner Burchmore: Any communication you mail to 3294 the Commission in addition to what has been requested—any such communication will be filed in the record and inspected by the Commission for what it seems to be worth. Of course, not

being put under oath, we cannot give absolute verity to it.

Mr. Brady: We would like to ask that you make each request for information, such as division of funds from the Butterfield Company and other Companies we are reaching, so as to enable us to get in something that may be of value to us whereas we perhaps do not see it now.

Examiner Burchmore: It does not seem to me that there is very

much more light to be thrown by this Company.

Mr. Brady: I don't know. The people in the west have been discussing this matter two or three years and instead of representing my company I am largely relying upon you to develop what facts should be developed. It is a question of simply throwing ourselves on the mercy of the court, with the information and notice that we have.

Examiner Burchmore: Your rate from east of the river is two cents higher than from west of the river? Are not the east of the river rates generally two cents higher than west? Or the other way, two cents lower?

Mr. Butterfield: To what point?

Examiner Burchmore: To the Ohio River and north.

Mr. Butterfield: I think they are to the east of the Ohio river. They are lower to the Ohio river than we get on the west side. Oh, I was thinking of the Mississippi River. To the Ohio river, I think they are.

Mr. Brady: Lower, you mean.

Mr. Butterfield: Yes sir.

Mr. Brady: Your rates are lower?

Mr. Butterfield: Yes sir.

Examiner Burchmore: They may be lower in contemplation of payment of allowances?

Mr. Butterfield: That I do not know.

Mr. Brady: Mr. Butterfield will be over here to-morrow for a

while and if we think of anything, will you permit us-

Examiner Burchmore: I will listen to any excuses you have to make. We will adjourn until 9.30 at this place when I think the other east of the river cases will be taken up at that time.

Whereupon, at -.

3296 Trinity Valley Southern Railroad Company.

(Appearances: B. H. Powell, Esq., Att'y.)

C. O. McCarter was called as a witness, and having been duly sworn, testified as follows:

Direct examination:

Examiner Burchmore: Mr. Powell, I have been asking the questions to start things out.

Mr. Powell: Yes sir, go ahead. Examiner Burchmore: Mr. McCarter, what is your residence and what is your occupation:

Mr. McCarter: Oakhurst, Texas, Auditor of the Trinity Valley

Southern Railroad Company.

Examiner Burchmore: Are you employed by any Lumber Company?

Mr. McCarter: No sir.

Examiner Burchmore: The Trinity Valley Southern connects with the International and Great Northern at Dodge Texas.

Mr. McCarter: Yes sir.

Examiner Burchmore: And connects with no other Railroad Company?

Mr. McCarter: No sir.

Examiner Burchmore: What is the length of its line?

Mr. McCarter: Six Miles.

Examiner Burchmore: That is, six miles Main line? 3297 Mr. McCarter: Yes sir.

Examiner Burchmore: This report shows 7½ miles.

Mr. McCarter: This is figured five and eight tenths miles on the Railroad Commission of Texas, Mileage circular, but it is generally called six miles.

Examiner Burchmore: Any switches?

Mr. McCarter: No sir except a few spurs to industries along the

Examiner Burchmore: Is the Trinity Valley Southern operated in the interest of any lumber company?

Mr. McCarter: In the interest of a lumber company, in what way, do vou mean?

Examiner Burchmore: Is it related to any lumber Company? Mr. McCarter: Some of the stockholders of the Railroad Company are stockholders of a lumber company.

Examiner Burchmore: Is it not a fact that the stockholders of

the Lumber Company—the Palmetto Lbr. Co.—control it?

Mr. McCarter: No sir.

Examiner Burchmore: What Lumber Company has mills along

its lines at the present time?

Mr. McCarter: None except the Palmetto Lumber Company. Formerly the Columbia Lumber Company was where the Palmetto Lumber Company is now located, but the Palmetto Lbr. Co. before they took from the Columbia Lumber Company. were located out there and the San Jacinto Lumber Company.

Examiner Burchmore: Those Companies have gone out of busi-

ness?

Mr. McCarter: The San Jacinto Lbr. Co. has gone out of business and moved away and the Palmetto Lbr. Co.—the Mill burned down. They had two mills and one of them burned about a year ago. They still have one mill left.

Examiner Burchmore: Does the Palmetto Lbr. Co. have any stock in the Railroad Company?

Mr. McCarter: No sir.

Examiner Burchmore: Do the officers of the Palmetto Lbr. Co. or the stockholders of the Palmetto Lbr. Co. own any stock in this Railroad?

Mr. McCarter: Some.

Examiner Burchmore: Indicate in a general way, the holdings.
Mr. McCarter: A. C. Ford, President of the Trinity Valley Southern Railraod Company, is also President of the Palmetto Lumber Company, and has one share of stock in the Trinity

3299 Valley Southern Railroad Company.

Examiner Burchmore: And what proportion of the Palmetto Lumber Company?

Mr. McCarter: I cannot say about that.

Examiner Burchmore: He is a majoritive stockholder of the Palmetto Lumber Company?

Mr. McCarter: I presume so, he is President of it.

Examiner Burchmore: Who owns the balance of the stock in the

Trinity Valley Southern Railroad Company?

Mr. McCarter: R. W. Miller, who is Vice-President of the Trinity Valley Southern Railroad Company, has one share. He is also General Manager of the Palmetto Lbr. Co. I don't know how much stock he has in the Company. A. L. Black is Superintendent of the Trinity Valley Southern Railroad Company and has one share of stock and has something or other with the Palmetto Lumber Company employ—I don't know what his position is. They are the only ones connected with the Palmetto Lumber Company who have stock in the Trinity Valley Southern Railroad Company. A. L. Black, was Superintendent and he had one share. Miller President, had one share—three shares of stock altogether.

Examiner Burchmore: Who owns the rest of the stock of

3300 the Railroad Company?

Mr. McCarter: W. S. Gibbs, of Huntsville, Texas.

Examiner Burchmore: Who is he?

Mr. McCarter: A Banker at Huntsville.

Examiner Burchmore: He owns that in his own name and right?

Mr. McCarter: Yes sir.

Examiner Burchmore: What else is he besides a banker?

Mr. McCarter: I think he is a capitalist—a banker or something or other; I don't know what he is.

Examiner Burchmore: How much stock does Mr. Gibbs own in the Palmetto Lbr. Co.?

Mr. McCarter: I don't know sir.

Examiner Burchmore: I ask you this—we are dealing not with technicalities but with the substance—is it not a fact that the stockholders—that the Palmetto Lbr. Co. or its stockholders substantial-yown this railraod thru the stock?

Mr. McCarter: I don't think so. It is my understanding in a general way—I don't know positively, but I don't think Mr. Gibbs

owns any stock in the Lumber Company.

3301 Examiner Burchmore: How long has he owned his stock in the Railroad Company?

Mr. McCarter: About a year.

Examiner Burchmore: How did he acquire it?

Mr. McCarter: Endorsed over to him—the stock was.

Examiner Burchmore: Endorsed, but why was it endorsed over

to him? Did he purchase it?

Mr. McCarter: I don't know whether he purchased it or not, it

was transferred over to him from Mr. Ford to Mr. Gibbs.

Mr. Powell: We can develop that better from another witness. Mr. Ford: I am the President of the Company and I am here and I think if you question me along this line, I can give you informa-

tion. Mr. Powell: Mr. Gibbs has owned half for two years and the bal-

ance one year.

Examiner Burchmore: You are fully informed in respect to rates and division in this railroad Company?

Mr. McCarter: Yes sir.

Examiner Burchmore: You state that the Se Jacinto Company left this part of the country and went elsewhere with its mill?

Mr. McCarter: Yes sir. 3302

Examiner Burchmore: What is the explanation of this departure?

Mr. McCarter: They cut out all the timber, I think, or went broke,

or something like that.

Examiner Burchmore: Cut out all the timber and could not buy

Mr. McCarter: I think so.

Examiner Burchmore: When was the Trinity Valley Southern

Railroad incorporated?

Mr. McCarter: The Trinity Valley Southern Railroad Company the records show that it was incorporated and organized in 1901 in December.

Examiner Burchmore: When was the road built?

Mr. McCarter: The record- show it was built in 1898 or 1899, one

Examiner Burchmore: And in your opinion, are the records cor-

Mr. McCarter: I have no reason to doubt it.

Examiner Burchmore: Previous to 1898 or 1899, there was no tap line at this place?

Mr. McCarter: I think not. 3303 That is my understanding. I don't know that to be a fact. There is nothing to indicate that there was.

Examiner Burchmore: When did the Palmetto Lbr. Co. commence milling in this country-in this lumber country?

Mr. McCarter: The present plant, you mean?

Examiner Burchmore: Yes.

Mr. McCarter: I had better explain. I was not there at the time. but I know from general information that the Palmetto Lumber Company was originally located at Palmetto, Texas, about one mile or two miles from the Trinity Valley Southern Railroad Company and delivered their lumber by means of a spur up to the Trinity Valley Southern Railroad Company, and at that time, the Columbia

Lumber Company and the Trinity Valley Southern Railroad Company were owned by the same stockholders, but the Palmetto Lbr. Co. had no connection whatever with the Trinity Valley Southern Railroad Company.

Examiner Burchmore: The Railroad Company was owned by the

stockholders of what company?

Mr. McCarter: Of the Columbia Lumber Company.

Examiner Burchmore: Then the Palmetto Lumber Company bought out the Columbia Lumber Company's saw mill and timber and railroad?

Mr. McCarter: Yes sir.

Examiner Burchmore: Then, treating or considering the Palmetto Lumber Company as being substantially a successor to the Columbia Lumber Company, with respect, at least, to its particular mill and with respect to its relations to this Railroad, on that understanding, I put this question: Was the railroad originally constructed to facilitate the business of the Lumber Company?

Mr. McCarter: Well, my understanding is that they had to have an outlet there some way to get to the Railroad, and they organized

this Railroad Company as such outlet.

Examiner Burchmore: The construction antedates the organiza-

Mr. McCarter: I presume that before 1898 no allowances or divis-

ions were paid.

Mr. Powell: I think they operated then as the Trinity Valley Railroad Company, and then they re-organized in 1901 as the Trinity Valley Southern, under the laws of the Texas State Commission.

It was a railroad Company then in 1898 or 1899—I don't remember the exact date—but at any rate, when first built it was the Trinity Valley Railway Company and it was chartered in 190- as the Trinity Valley Southern Railroad Company.

Examiner Burchmore: Was this Railroad originally constructed if you know or are informed, primarily as a Common Carrier to serve the general public, or primarily to give those mills to which it was related an outlet to reach their market?

Mr. McCarter: As a common carrier for the general public, is my

general belief.

Examiner Burchmore: And only in a secondary way, as an outlet for those mills?

Mr. McCarter: Yes sir.

Examiner Burchmore: If that is so, it might be assumed that its traffic has been very largely that of the general public from its inception—is that a fact?

Mr. McCarter: I don't quite catch that question?

Examiner Burchmore: The question is perhaps not well put, but it amounts to this: Is it not a fact that in the beginning, the traffic of this road was almost entirely the traffic furnished by the Lumber Companies that control it?

3306 Mr. McCarter: At the beginning?

Examiner Burchmore: Yes.

Mr. Carter: Well, I could not testify to that because I was not there at that time.

Examiner Burchmore: To leave the history of the road for the present, where is the present mill of the Palmetto Lumber Company located?

Mr. McCarter: At Oakhurst, Texas.

Examiner Burchmore: Where is Oakhurst, Texas?

Mr. McCarter: Six miles from Dodge, the I. & G. N. terminus of the Trinity Valley Southern.

Examiner Burchmore: On the Trinity Valley Southern?

Mr. McCarter: Yes sir.

Examiner Burchmore: How far from this Mill at Oakhurst are the nearest forests from which the mill receives its logs?

Mr. McCarter: You might ask Mr. Ford about that; I don't know. Examiner Burchmore: Are there any private logging roads connected with the Trinity Valley Southern Railroad Company.

Mr. McCarter: Why, the Palmetto Lumber Company has logging roads running all along there crossing our line at some

3307 places.

Examiner Burchmore: These logging roads are temporary in character and removed from time to time as the forests are cut?

Mr. McCarter: I think some portions of them are. Of course a portion of them run up to the Lumber Company, and they have mills around there, and are never moved.

Examiner Burchmore: The mill is at the terminus of the Rail-

road?

Mr. McCarter: Yes sir.

Examiner Burchmore: What equipment has the Trinity Valley Southern Railroad Company?

Mr. McCarter: Two locomotives and one combination passenger and baggage coach.

Examiner Burchmore: No freight or log cars?

Mr. McCarter: No sir.

Examiner Burchmore: Does it own that equipment?

Mr. McCarter: Yes sir.

Examiner Burchmore: Doe- it lease any additional equipment?

Mr. McCarter: No sir.

Examiner Burchmore: Does it lease any of its equipment to other companies?

Mr. McCarter: No sir.

Examiner Burchmore: The Trinity Valley Southern Railroad Company participates in joint through rates on lumber to Interstate points?

Mr. McCarter: Yes sir.

Examiner Burchmore: What is the general basis of those rates? That is to say, are they the same from Oakhurst in cents per hundred pounds as the rates published by the I. & G. N. from the group, of stations in which Dodge is included?

Mr. McCarter: Yes sir.

Examiner Burchmore: In other words, the Junction point rate is applied on the tap line?

Mr. McCarter: Yes sir.

Examiner Burchmore: What is your division or the basis of your division out of the joint rate?

Mr. McCarter: Well, they vary from anywhere—from two to five cents.

Examiner Burchmore: What is the general basis of this division-

describe that.

3309 Mr. McCarter: Well, as a general basis, they are generally based on a percentage of the I. & G. N. earnings. We usually get about 30% of the I. & G. N. rate.

Examiner Burchmore: You get 30% of the I. & G. N. rate and the

I. & G. N. retains 70%?

Mr. McCarter: Yes sir.

Examiner Burchmore: You get that 30% for a haul of six miles?

Mr. McCarter: Yes sir.

Examiner Burchmore: What is the average haul that the I. & G. N. performs?

Mr. McCarter: Well, usually, on that basis, about a hundred miles;

eighty miles anyway.

Examiner Burchmore: Through what junction does the greater part of the traffic move?

Mr. McCarter: It is pretty well divided equally through Longview. Fort Worth and Houston. That is, the I. & G. N. Junction. Examiner Burchmore: Those are the principal junctions?

Mr. McCarter: Yes, sir.

Examiner Burchmore: Do you know the I. & G. N. mileage to Longview?

Mr. McCarter: I don't know exactly; somewhere in the 3310 neighborhood of 80 or 90 miles.

Examiner Burchmore: What is the approximate distance to Fort Worth?

Mr. McCarter: By the I. & G. N.?

Examiner Burchmore: Yes sir.

Mr. McCarter: I expect something over one hundred miles—nearly two hundred miles, I expect by the I. & G. N. Railroad.

Examiner Burchmore: Of course, we can figure the distance. Mr. McCarter At is nearly two hundred miles, yes, sir. Examiner Bushmore: What is the distance to Houston?

Mr. McCarter: Seventy-five miles.

Examiner Burchmore: And I understand that in a general way, your company receives a division of from two to five cents for a haul of six miles while the I. & G. N. retains a balance, which would be I suppose from five to ten—five to fifteen cents—

Mr. McCarter: Yes sir.

Examiner Burchmore: For a haul of from seventy-five to two hundred miles?

Mr. McCarter: Yes sir. The five cents that I mention only applies to p-ints on the I. & G. N. where the shipment moves from our line to p-ints on their line. They allow us fifty per cent of the rate, not to exceed our local, and in that way, we get five

cents, which is our local.

Mr. Dean: I think that only applies to intra-state shipments.

Mr. McCarter: Yes sir.

Examiner Burchmore: Is not your highest interstate division three cents? What is your chief market?

Mr. McCarter: Well it is pretty well divided, Texas and interstate

points, about fifty per cent each way.

Examiner Burchmore: What is your chief interstate market? Mr. McCarter: East of the Mississippi river is the principal market where the principal part of the lumber moves.

Examiner Burchmore: Are joint rates applied on that traffic or do

they break on the Mississippi River?

Mr. McCarter: They break on the Mississippi River.

Examiner Burchmore: What is the rate on the Mississippi River? Mr. McCarter: Fifteen cents to St. Louis; 16 cents to Thebes and Cairo.

Examiner Burchmore: What do you get out of the 18 cent

3312 rate?

Mr. McCarter: Two cents. That is, one which moves via a certain line, and via some lines, three cents.

Examiner Burchmore: You route most of your traffic at three

cents?

Mr. McCarter: I did for a while until I got in a box and quit. Examiner Burchmore: What embar-assment did that involve?

Mr. McCarter: We got three cents on the M. K. & T. At first we had through rates via that road and later on the through rates were cancelled by the Katy and only applied by the Texas and Pacific and since then the Iron Mountain.

Examiner Burchmore: Are your division sheets filed with the

Commission? I don't see any division sheets around?

Mr. McCarter: The I. &. G. N. issue them and would naturally file them with the commission.

Examiner Burchmore: I think we have a complete set of yo-r divisio- sheet. Does your company publish and file with the 3313 commission any tariff of rates between Dodge and Oakhurst?

Mr. McCarter: The Railroad commission of Texas publishes those tariffs, and we-

Examiner Burchmore: You don't have any such tariffs with the Interstate Commission?

Mr. McCarter: No sir.

Examiner Burchmore: In order to apply the rates on interstate traffie?

Mr. McCarter: Yes sir we concur in the tariff; we don't issue any tariff ourselves.

Examiner Burchmore: My question refers to local rates on your line which would apply to other traffic in the absence of a give-joint

Mr. McCarter: No, sir, we have not any tariff.

Examiner Burchmore: You know, most railroads file such local state rates with the Interstate Commerce Commission in order to be sure they have the same rate applicable to them for a joint through rate, as a matter of policy.

Mr. Ford: We did not know that.

3314 Examiner Burchmore: It is perfectly proper not to, but it is frequently done. Are you a party to joint through rates to and from interstate destinations on classes and commodities?

Mr. McCarter: Yes sir.

Examiner Burchmore: Indicate what the division of those rates is?

Mr. McCarter: As a division, we get 10% of the St. Louis and Kansas City proportional rate.

Examiner Burchmore: Well, are all stations on your line grouped? Mr. McCarter: They take the same grouping as the I. & G. N.

Examiner Burchmore: Does the same rate apply—class rate—from Oakhurst, as from Dodge, on the I. & G. N.?

Mr. McCarter: Yes sir.

Examiner Burchmore: And you get a division of what—what division do you get?

Mr. McCarter: 10% of the proportion south of the river.

Examiner Burchmore: 10% of the proportion south of the Missouri river.

Mr. McCarter: Yes, or the Mississippi river as the case may be.

3315 Examiner Burchmore: How many stations are there on your line?

Mr. McCarter: We have one station at each end and two flag stations.

Examiner Burchmore: Any station buildings?

Mr. McCarter: We have a building at each place—four stations—except that there is a joint station at Dodge with the I. & G. N.

Examiner Burchmore: Is there a general agent at Dodge?

Mr. McCarter: Yes sir.

Examiner Burchmore: Paid by your company?

Mr. McCarter: Yes, sir.

Examiner Burchmore: What is your proportion? Mr. McCarter: 50% of the expenses of the station?

Examiner Burchmore: Well he is carried on the I. & G. N. pay roll?

Mr. McCarter: Yes, they bill on us.

Examiner Burchmore: Do you have a regular station agent at Oakhurst?

Mr. McCarter: Yes sir.

Examiner Burchmore: Is he carried exclusively on the Railroad Company's pay roll?

3316 Mr. McCarter: Yes sir.

Examiner Burchmore: He receives no compensation and performs no service for the lumber company?

Mr. McCarter: No sir.

Mr. Powell: You had an office building and depot at Oakhurst? Mr. McCarter: And two waiting rooms, colored and white.

Examiner Burchmore: That office is not used by the lumber company also?

Mr. McCarter: No sir.

Examiner Burchmore: What employees are at work in that building?

Mr. McCarter: My office is in there and the agent. That is all the permanent offices in there.

Examiner Burchmore: You are the operating superintendent of

the Railroad?

Mr. McCarter: I am the auditor.

Examiner Burchmore: Is there any superintendent of operation?

Mr. McCarter: Yes sir, A. L. Black is Superintendent. Examiner Burchmore: He is Vice-President of the Lumber Company also?

3317 Mr. McCarter: Yes sir.

Examiner Burchmore: Does the Palmetto Lumber Company own any locomotives and cars?

Mr. McCarter: Yes sir.

Examiner Burchmore: State what they are.

Mr. McCarter: I could not state; I only know that they own them.

I am not connected with that Company.

Examiner Burchmore: If I say that they are supposed to own three locomotives and twenty four cars on their line running from or to Snowtown, would you say that is correct?

Mr. McCarter: I could not say how many they own, sir; I don't know how many. Mr. Ford can probably give you that information. Examiner Burchmore: What officers of the railroad Company re-

ceive salaries fro- the railroad Company?
Mr. McCarter: The Superintendent.

Examiner Burchmore: And the Auditor? Mr. McCarter: What is the question?

Examiner Burchmore: What officers of the Railroad Company receive salaries from the Railroad Company?

Mr. McCarter: Superintendent and Auditor.

Examiner Burchmore: And no other officers receive a 3318 salary?

Mr. McCarter: No sir.

Examiner Burchmore: What is the Superintendent's salary from the Railroad Company?

Mr. McCarter: Three Hundred dollars a year.

Examiner Burchmore: Does he perform active services for that

salary?

Mr. McCarter: He is in charge there. He is also manage- of the same class of work for the lumber company. Of course the company could not afford to have a man of that experience exclusively for the railroad, and therefore they employ him jointly.

Examiner Burchmore: Is his salary excessive for the amount of

services he renders the railroad company?

Mr. McCarter: I don't know; I should not think it is,

Examiner Burchmore: What track employees has the railroad Company?

Mr. McCarter: A section foreman and a section crew.

Examiner Burchmore: Does that section gang spend any part of its time at work on the private tracks of the log road?

Mr. McCarter: No sir. 3319

Examiner Burchmore: That entire time is devoted to maintaining the railroad company's track?

Mr. McCarter: Yes sir.

Examiner Burchmore: What train employees are there?

Mr. McCarter: We have an engineer, a fireman, a conductor at a brakeman.

Examiner Burchmore: They devote their entire time to the rail road's service?

Mr. McCarter: They do yes sir.

Examiner Burchmore: What is your train service?

Mr. McCarter: One round trip each day; one train each way.

Examiner Burchmore: One regular schedule?

Mr. McCarter. Yes sir.

Examiner Burchmore: Do you have a time table?

Mr. McCarter: We have not a published time table, but it is pullished in the guides.

Examiner Burchmore: You mean the I. & G. N. train?

Mr. McCarter: Yes sir, make connections with it.

Examiner Burchmore: Have you any other employees than those I have referred to—general officers, track and train?

3320 Mr. McCarter: No sir, I don't believe we have except the agent.

Examiner Burchmore: The station agent?

Mr. McCarter: Yes sir.

Examiner Burchmore: What if any facilities have you for the handling of less than car load trains?

Mr. McCarter: We have a depot and warehouse.

Examiner Burchmore: In a small scale. Mr. McCarter: Only a small scale for ways.

Examiner Burchmore: Any wagon scales?

Mr. McCarter: No sir.

Examiner Burchmore: Any track scales?

Mr. McCarter: No sir.

Examiner Burchmore: The weighing is all performed by the I. & G. N.?

Mr. McCarter: We bill the lumber out at an estimated weight and it is weighed en route.

Examiner Burchmore: Is it a standard gauge road?

Mr. McCarter: Yes sir.

Examiner Burchmore: Will you state the weight of the rails?

Mr. McCarter: Thirty-five pounds, I think.

Examiner Burchmore: It is substantially built?

3321 Mr. McCarter: Yes sir. For one hundred thousand pound capacity cars.

Examiner Burchmore: Will it handle one hundred thousand pound capacity cars running at a reasonable rate, or running slowly.

Mr. McCarter: At the average speed that they go all the time—a regular train——

Examiner Burchmore: On an average train run?

Mr. McCarter: Yes sir.

Examiner Burchmore: Has it substantial bridges?

Mr. McCarter: Yes sir.

Examiner Burchmore: It is well built for that character of road?

Mr. McCarter: Yes sir.

Examiner Burchmore: What is the chief tonnage of your road? Mr. McCarter: Why, lumber is the greatest portion of it, naturally it would be as it is in a lumber district.

Examiner Burchmore: Can you estimate or state accurately the

total tonnage for the last fiscal year?

Mr. McCarter: Yes sir, in just a minute; the total tonnage is 127,283 tons.

Examiner Burchmore: Are you going to file that state-3322

Mr. McCarter: We can do so.

Mr. Powell: Yes sir, we have prepared it to file.

Examiner Burchmore: Of that, what amount was lumber? Mr. McCarter: 73%. That is, 73% of the revenue. I never figured out the tonnage.

Examiner Burchmore: That was tons you gave? Mr. McCarter: Yes sir, but the revenue figures 73%.

Examiner Burchmore: For the preceding year, your total ton-

nage seems to have been 36,481.

Mr. McCarter: I called it wrong. You had better strike that out. The tonnage for the fiscal year ending June 30, 1910, was 30,148 tons of which 71% was lumber-71% of the revenue.

Examiner Burchmore: Was that about the same proportion as

obtained the previous year?

Mr. McCarter: The tonnage for the previous year covers 12 months but the revenues only cover 7 months for the previous year as the books were not kept correctly at the time I took charge, in December, 1908, and I had no way of getting at the figures previous to 1908.

Examiner Burchmore: In referring to lumber, do you mean the forest products of all kinds, or simply lumber? 3323

Mr. McCarter: Forest products of all kinds.

Examiner Burchmore: Any staves and headings and such stuff made on your line?

Mr. McCarter: No sir.

Examiner Burchmore: Any other forest products other than lumber?

Mr. McCarter: I don't think so. We had some few thousand of shingles in there. I don't know that we have anything else out.

Examiner Burchmore: Aside from the lumber movements, was there any other traffic handled by the railroad company for the lum-

ber company?

Mr. McCarter: Well, shipments come in there—shipments for the company-I never know who they are consigned to as I make my report from the agent's report and in that way I would not know who they are consigned to; but I presume the Palmetto Lbr. Co. is buying stuff there all the time and it goes there the same as anybody else's.

Examiner Burchmore: Does the Palmetto Lbr. Co. have any commissaries or company stores on the line?

Mr. McCarter: One commissary.

3324 Examiner Burchmore: Where is that located?

Mr. McCarter: Right at the mill—at the Palmetto Lumber

Company.

Examiner Burchmore: Are there any other stores along the line?

Mr. McCarter: Yes sir.

Examiner Burchmore: Does the merchandise and do the other supplies sold by this company commissary move over the railroad's rails?

Mr. McCarter: Yes sir.

Examiner Burchmore: Under joint rates?

Mr. McCarter: Yes sir.

Examiner Burchmore: On which the railroad receives a division?

Mr. McCarter: Yes sir.

Examiner Burchmore: These commissary supplies are included in the statement of merchandise handled?

Mr. McCarter: Yes sir.

Examiner Burchmore: What proportion of the total merchandise movement consists of this Company's supplies?

Mr. McCarter: I could not say, as I have never made a statement

separating the consignees.

3325 Examiner Burchmore: Is it your impression that there is a considerable movement of merchandise handled by the general public?

Mr. McCarter: Yes, sir.

Examiner Burchmore: Over your line?

Mr. McCarter: Yes sir.

Examiner Burchmore: As much as 10% of your traffic?

Mr. McCarter: It has averaged for the last four years about 27%—other than lumber?

Examiner Burchmore: Is a substantial proportion of that 27%

composed of merchandise for the Company's stores?

Mr. McCarter: Well, I could not say, as to the exact amount the company gets, but there are about a dozen or more other merchants there that we bring merchandise in to besides the lumber company.

Examiner Burchmore: Small concerns?

Mr. McCarter: Well, one point located about 8 miles from Oakhurst is called Point Blank; that is served from Oakhurst and we bring in the supplies into that community there, and at Snowtown, there is about a dozen merchants who carry anywhere from \$5 to

\$8,000.00 worth of stock I suppose.

Saminer Burchmore: Well, I can cut it short—this part of the examination—by the question, that you will furnish a statement of that tonnage; not a statement simply similar to that contained in the annual report but a statement showing the total movement of lumber for the Palmetto Lumber Company?

Mr. McCarter: Of lumber for the Palmetto Lumber Company-

shipped by them?

Examiner Burchmore: When I say that, I mean that you shall include any lumber manufactured in their plant and which may be shipped on account of someone who has bought it F. O. B. point of

origin. Stripped of technical questions, we want the lumber that came from that mill. Show separately in that the total amount of lumber handled on account of other parties, and the total amount of merchandise handled for the Company's commissaries if that can be indicated, and the total amount of merchandise handled for the rest of the public and then show how much farm products—cotton or anything else.

Mr. Neal: The statement shows the cotton.

Examiner Burchmore: The fiscal year ending June 30, 1910. Now if you desire, you may also show it down to date, but that is optional and, if so, must be shown separately. Give these figures, not only in tonnage but in revenue both. If you will prepare and file such an exhibit, it may be considered a part of your testimony. Of course, it will have to be checked against the figures in the annual report to show that the figures are correct. I think, with that, we can close this phase of the examination. Do you carry mails?

Mr. McCarter: Yes sir.

Examiner Burchmore: Under standard government contracts?

Mr. McCarter: Yes sir.

Examiner Burchmore: For Oakhurst? Mr. McCarter: And Point Blank.

Examiner Burchmore: Do you carry any express?

Mr. McCarter: Yes sir.

Examiner Burchmore: With what company have you a contract?

Mr. McCarter: With the Pacific Express.

3328 Examiner Burchmore: I suppose that provides for 50% of the earnings?

Mr. McCarter: 40% I believe we have.

Examiner Burchmore: Do you carry passengers?

Mr. McCarter: Yes sir.

Examiner Burchmore: Those passengers ride on tickets?

Mr. McCarter: Yes sir.

Examiner Burchmore: Sometimes they pay train fare.

Mr. McCarter: If they do not purchase tickets, the conductor collects cash fares and gives them a receipt.

Examiner Burchmore: You carry the Mill employees free?

Mr. McCarter: No sir.

Examiner Burchmore: Does the Palmetto Lumber Company fur-

nish tickets to their employees?

Mr. McCarter: I never heard of it.

Examiner Burchmore: Do you issue any annual passes?

Mr. McCarter: Yes sir.

Examiner Burchmore: Interchange passes with trunk lines?

Mr. McCarter: Yes sir.

Examiner Burchmore: Do you issue any passes for the officers of the Lumber Company as such?

Mr. McCarter: As officers of the Palmetto Lbr. Co.?

3329 Examiner Burchmore: Yes. Mr. McCarter: No sir. Examiner Burchmore: What interstate transportation is held by

the officers of the railroad company?

Mr. McCarter: Why, I will look over and see. I will have to read them to give them to you. The officers of the lumber company?

Examiner Burchmore: The Railroad company officers? Mr. McCarter: What interstate transportation is held?

Examiner Burchmore: By officers of the railroad Company. presume that the officers of the lumber company do not hold any transportation as such?

Mr. McCarter: The I. & G. N.—but that is not interstate.

Examiner Burchmore: Don't give all the roads you hold passes You hold a dozen or more?

Mr. McCarter: A dozen or more; a dozen and a half.

Examiner Burchmore: Of interstate passes.

Mr. McCarter: No sir, not of interstate. You just want the interstate?

Examiner Burchmore: Yes, interstate.

Mr. McCarter: I will give you the Interstate.

Examiner Burchmore: Any Chicago and St. Louis?

3330 Mr. McCarter: Yes sir, six.

Examiner Burchmore: That is a sufficient statement. You use those passes?

Mr. McCarter: Yes sir.

Examiner Burchmore: You do not travel on lumber business?

Mr. McCarter: No sir.

Examiner Burchmore: You do all your service for the railroad Company?

Mr. McCarter: Yes sir.

Examiner Burchmore: If you go to Chicago, you don't do any lumber errands there?

Mr. McCarter: No sir.

Examiner Burchmore: Do the other officers? Is the President of the railroad company supplied with any transportation? Mr. McCarter: Yes sir.

Examiner Burchmore: To about the same extent as you are?

Mr. McCarter: Yes sir.

Examiner Burchmore: Are any of the officers supplied with passes?

Mr. McCarter: The Vice President and Superintendent have I. & G. N. passes.

Examiner Burchmore: Has the Sales Manager of the 3331 Lumber company any passes?

Mr. McCarter: I don't think they have any sales manager. Examiner Burchmore: How do they sell their lumber?

Mr. McCarter: They are manufacturers; they don't sell it except to wholesale dealers.

Examiner Burchmore: They have sales agents?

Mr. McCarter: Yes sir.

Examiner Burchmore: Those sales agents sell on commission?

Mr. McCarter: I don't know how they sell.

Examiner Burchmore: I presume that this Company transacts his business the same as any other company does?

Mr. Ford: Yes sir.

Examiner Burchmore: And what we hear from the others, we may assume applies here.

Mr. McCarter: We have no traveling salesmen at all; it has sales

agencies.

Examiner Burchmore: But there is nothing peculiar about its way of doing business?

Mr. McCarter: The custom- of the trade apply here I guess.

Examiner Burchmore: Does the Palmetto Lumber Company transport the logs to the Mill?

Mr. McCarter: Yes sir.

Examiner Burchmore: The Railroad company does not go

3332

and get the logs?

Mr. McCarter: No sir.

Examiner Burchmore: The private tracks of the lumber company extend to the Mill?

Mr. McCarter: Yes sir.

Examiner Burchmore: They reach the mill directly?

Mr. McCarter: Yes sir. Examiner Burchmore: Then I assume that the first moment that the Railroad Company has anything to do with the lumber or logs of the Palmetto Lbr. Co. is at the moment when the manufactured lumber is ready for shipment?

Mr. McCarter: Yes sir.

Examiner Burchmore: I assume also that the Trinity Valley Southern Railroad Company obtains its empty car supply from the I. & G. N.?

Mr. McCarter: Yes sir.

Examiner Burchmore: I assume that it moves those cars empty from the junction points up to the mill?

Mr. McCarter: Yes sir.

Examiner Burchmore: And there place them for loading?

Mr. McCarter: Yes sir. 3333

Examiner Burchmore: Are they loaded by the employees of the lumber company?

Mr. McCarty: Yes sir.

Examiner Burchmore: Do the employees of the railraod company assist in the loading?

Mr. McCarter: No sir.

Examiner Burchmore: Who issues the Bills of Lading for interstate shipments?

Mr. McCarter: The agent of the Trinity Valley Southern Rail-

road company.

Examiner Burchmore: At what point?

Mr. McCarter: Oakhurst.

Examiner Burchmore: The mill is actually located at Oakhurst?

Mr. McCarter: Yes sir.

Examiner Burchmore: These Bills of Lading are dated at Oakhurst on the date when the lumber is ready to go?

Mr. McCarter: Yes sir.

Examiner Burchmore: To its interstate destination?

Mr. McCarter: Yes sir.

Examiner Burchmore: The employees of the railroad 3334 Company with their locomotives, then move the loaded car under billing down to the junction with the I. & G. N. Is this their placed on the exchange track?

Mr. McCarter: Yes sir.

Examiner Burchmore: The I. & G. N. then takes it to destina-

Mr. McCarter Yes sir. .

Examiner Burchmore: What way bills are used?

Mr. McCarter: We have the Trinity Valley Southern waybills. We bill it at Oakhurst and the lumber is usually billed through.

Examiner Burchmore: You usually bill it through to interstate

destination?

Mr. McCarter: Yes sir.

Examiner Burchmore: Or at least to Fort Worth? Mr. McCarter: At least to the junction, yes sir.

Examiner Burchmore: That shows the Trinity Valley South-

Mr. McCarter: As the originating carrier.

Examiner Burchmore: And participating up to Dodge?

Mr. McCarter: Yes, sir.

Examiner Burchmore: It shows its division as from two to five cents?

Mr. McCarter: It does not show on the way bill, that is 3335 made through a monthly inter-line settlement with the I. &

Examiner Burchmore: Where are the funds of the Railroad Company kept?

Mr. McCarter: At Galveston, Texas. Examiner Burchmore: In a bank?

Mr. McCarter: The State National Bank.

Examiner Burchmore: Kept separate and distinct from the lumber company's funds? Mr. McCarter: Yes, sir.

Examiner Burchmore: Did I ask you whether or not it keeps its accounts in conformity with the Interstate Commerce Commission's rules?

Mr. McCarter: No. sir.

Examiner Burchmore: Does it?

Mr. McCarter: Yes, sir.

Examiner Burchmore: Makes monthly reports?

Mr. McCarter: Yes, sir.

Examiner Burchmore: Extended reports? Reports of its expenses?

Mr. McCarter: Yes, sir.

Examiner Burchmore: Are the cars equipped with proper safety devices?

Mr. McCarter: Yes, sir.

Examiner Burchmore: Do you ever have any accidents on your road?

Mr. McCarter: Sometimes.

Examiner Burchmore: Do you report these to the Interstate Commerce Commission?

Mr. McCarter: Yes, sir.

Examiner Burchmore: Has the Company been named as defendant in any personal injury su't so far as you know?

Mr. McCarter: Not since I have been connected with them, no

sir.

Cross-examination:

Mr. Powell: This Company is incorporated under the general statutes of Texas?

Mr. McCarter: Yes, sir.

Mr. Powell: It is subject to the jurisdiction of the State Railroad commission of Texas?

Mr. McCarter: Yes, sir.

Mr. Powell: Does it make its report to the State Railroad Commission as that commission requires?

Mr. McCarter: Yes, sir.

3337 Mr. Powell: Does it own its own right of way?
Mr. McCarter: Yes, sir.

Mr. Powell: What is the width of that right of way?

Mr. McCarter: One hundred feet I believe.

Mr. Powell: The road bears 35 pound steel rails I believe you said?

Mr. McCarter: Yes, sir.

Mr. Powell: The rails are steel?

Mr. McCarter: Yes, sir.

Mr. Powell: Has it got ballast?

Mr. McCarter: Yes, sir, some portion of it is ballasted. Mr. Powell: It owns its own spur tracks does it?

Mr. McCarter: Yes, sir.

Mr. Powell: Now then with reference to the length of this line, for six miles does not the line own its own spur lines, in the station at Oakhurst? Also the company's loading sheds?

Mr. McCarter: Yes, sir.

Mr. Powell: It loads the cars on our tracks—the tracks of the Trinity Valley Southern?

Mr. McCarter: Yes, sir.

Mr. Powell: And possibly there are seven miles of track

3338 entirely?

Mr. McCarter: We have a spur at Youngstown, a spur at Snowtown, and two spurs at Oakhurst, and a coal bin, and also a spur down to the Palmetto Lumber Company's plant-mill?

Mr. Powell: It has approximately six lines of main lines to Oak-

hurst?

Mr. McCarter: Yes, sir.

Mr. Powell: I was just trying to explain where the seven and nine tenths (7.9) miles comes in. Now then, with reference to the traffic of this road, it is general traffic, isn't it?

Mr. McCarter: Yes sir.

Mr. Powell: Without getting the exact amount, can you state how much cotton you have hauled this season?

Mr. McCarter: So far?

Mr. Powell: Yes, how much cotton have you hauled this season?
Mr. McCarter: I presume about close to about one thousand bales.

Mr. Powell: Is that about the average crop that you haul?

Mr. McCarter: A little better than the average, I believe.
Mr. Powell: And with reference to general merchandise,
what size town is Oakhurst?

Mr. McCarter: About fifteen hundred, I think; that is what they

claim.

Mr. Powell: There was an old settlement there before the lumber company's plant was put there?

Mr. McCarter: The old town of Snowtown—well, it is still there.

Mr. Powell: Are not 10 or 12 stores there at Snowtown?

Mr. McCarter: Yes sir, about that.

Mr. Powell: Those people had no connection with the Trinity Valley Southern Railroad Company or the Palmetto Lbr. Co.

Mr. McCarter: Not that I know of.

Mr. Powell: Some of those stores carry a good sized stock.

Mr. McCarter: Yes sir.

Mr. Powell: About how much would you state that stock of half a dozen of those stores amounts to?

Mr. McCarter: As I said a while ago, anywhere from five to eight thousand dollars.

3340 Mr. Powell: That much stock in about six of those stores?
Mr. McCarter: Yes sir.

Mr. Powell: I believe you said you carried mail and express?

Mr. McCarter: Yes sir.

Mr. Powell: You do a general common carrier business?

Mr. McCarter: Yes sir.

Mr. Powell: You treat the Palmetto Lbr. Co. like you do anybody else?

Mr. McCarter: Yes sir.

Mr. Powell: You haul material and lumber for anybody that has got it, won't you?

Mr. McCarter: Yes sir.

Mr. Powell: You have done it, have you not?

Mr. McCarter: Yes sir.

Mr. Powell: Prior to the time that the Palmetto Lbr. Co. bought out the Columbia Lbr. Co.'s plant, they shipped as much lumber over this road as the Palmetto Lbr. Co., did not they, approximately?

Mr. McCarter: I presume they did. I was not there prior to the time that the Palmetto Lbr. Co. took over the Columbia plant.

3341 Mr. Powell: You know they haul many cars?

Mr. McCarter: I know they had a mill located at Palmetto. After my connection with the Trinity Valley Southern Railroad, the Palmetto Lumber Company shipped about as much as the Oakhurst mill.

Examiner Burchmore: Why don't they rebuild up that mill? Mr. Powell: They had bought this Columbia plant at that time.

Didn't this mill burn recently—the San Jacinto Co.?

Mr. McCarter: Recently, I think, there was something burned over there, but I believe they moved the saw mill as well as I remember.

Mr. Powell: You are incorrect. The Mill burned and they sold

the timber. But this railroad company did serve that company for a while?

Mr. McCarter: Yes, as a common carrier.

Mr. Powell: Now what is the nature of the country along there?

Is it agricultural?

Mr. McCarter: It is developing very fast and being developed into farms. They are moving and considerable farming going on around there.

Mr. Powell: Don't you serve a large portion of the northwest part of San Jacinto county—Point Blank, you say? These peo-

3342 ple all go to Oakhurst for railroad privileges?

Mr. McCarter: Yes sir.

Mr. Powell: There is no other railroad in San Jacinto county except in the southeast corner?

Mr. McCarter: No, sir.

Mr. Powell: How far is the H. E. & W. T. road from your line?
Mr. McCarter: I think about 18 or 20 miles, something like that;
probably more.

Mr. Powell: Do you remember how far from your town to Cold

Springs?

Mr. McCarter: About 18 miles.

Mr. Powell: How far from Cold Springs to Shepard?

Mr. McCarter: k2 miles.

Mr. Powell: And how far between those two roads?

Mr. McCarter: About 30 miles.

Mr. Powell: San Jacinto county then, in its northwest portion. has no facility for railroad traffic except this line?

Mr. McCarter: No sir.

Mr. Powell: That is true, is it?
Mr. McCarter: Yes sir.

3343 Examiner Burchmore: Are there any inhabitants to require a railroad?

Mr. McCarter: Yes sir.

Mr. Powell: Do you know the population of San Jacinto county?

Mr. McCarter: No sir, I do not.

Mr. Powell: I think it is some twelve thousand under the recent census.

Examiner Burchmore: How far is the terminus of the private logging road that runs up into the northeasterly direction out of Snowtown, I judge? How far is the end of that road from the B. & G. N.?

Mr. McCarter: I don't know.

Mr. Powell: Do you know Mr. Ford? How close are you to the

Beaumont and Great Northern?

Mr. Ford: Across Trinity River, I guess it must be about fifteen miles to Oakhurst, to the nearest point of the Beaumont and Great Northern.

Mr. Powell: But you have a private line?

Mr. Ford: You mean our tram road?

Mr. Powell: Yes.

3344 Mr. Ford: I think we go within six or eight miles of them across Trinity river.

Mr. Powell: What kind of road has the Beaumont & Great Northern?

Mr. Ford: A very good road.
Mr. Powell: Is that a tap line?

Mr. Ford: It was included in the original tap line once, but I think it has been since that time—

Mr. Powell: It is about a forty mile road now I think. Examiner Burchmore: Are you planning to build across?

Mr. Ford: No, the Trinity river is practically a barrier; it would cost \$100,000,00 to bridge it.

Mr. Powell: Mr. McCarter, there is a considerable amount of timber adjacent not owned by the Palmetto Lbr. Co., isn't there?

Mr. McCarter: I understand there is.

Examiner Burchmore: Has the Palmetto Lbr. Co. been acquiring timber in recent years?

Mr. McCarter: I don't know about that, I could not say.

Examiner Burchmore: There are no other mills on that line? Mr. McCarter: Not at present, no, sir.

3345 A. C. Ford was called as a witness, and being first duly sworn, testified as follows:

Direct examination:

Examiner Burchmore: You have heard Mr. McCarter's testimony; is it in your opinion accurate?

Mr. Ford: Yes. I think in a few instances, I noticed some discrepancies in it.

Examiner Burchmore: Possibly as to details? Mr. Ford: Yes, in the main, after details.

Examiner Burchmore: It conveys a correct impression to you?

Mr. Ford: Yes, I think it does.

Examiner Burchmore: Do I understand that the majority of the stock of this Company is now owned by Mr. N. F. Gibs, a banker?

Mr. Ford: Yes sir.

Examiner Burchmore: Does he own that in his own name and right?

Mr. Ford: Yes sir.

Examiner Burchmore: How did he acquire that stock?

Mr. Ford: I had better exp-ain to you that this property was bought from the Cary lumber interests of Chicago just two 3346 years ago this December. Those interests originally built this mill and this railroad. At the time that they built it, the intention was to make quite a railroad proposition out of the property, but they stopped at the town of Oakhurst and never extended it. The Palmetto Lbr. Co. interests of which I own about 40%, and control practically 90% of it wished to acquire the Cary lumber timbering and mill interests at Oakhurst. In order to do so however, it was necessary to buy their entire interests out, including the stock in the Trinity Valley Railroad. I went to Mr. Gibbs, who was a particular friend of mine with whom I had a good many and varied dealings, and who never was and never had been a stockholder in the Palmetto

Lbr. Co. and tried to interest him in the purchase of a part of their investment, the Trinity Valley Southern Railroad. I finally succeded in doing so and he and I jointly, without any stockholders of the Palmetto Lbr. Co. having any interest in the matter, made a trade with Cary and bought out the Trinity Valley Southern stock. That was too years ago. Last February I sold outright my half interest to

Mr. Gibbs, retaining only one share so that I might be a 3347 nominal officer of the road, and in a general way represent the investment that my friend has in there. That will acquaint

you pretty well.

Examiner Burchmore: Is Mr. Gibbs your banker?

Mr. Ford: Yes, to a certain extent he was my banker. We bought our original timber from Gibbs eight or ten years ago.

Examiner Burchmore: Now he practically owns the entire capital

stock?

Mr. Ford: Yes, out of 200 shares, he owns 194.

Examiner Burchmore: Are there any bonds of the railroad?

Mr. Ford: No sir.

Examiner Burchmore: Any indebtedness outside of current liabilities?

Mr. Ford: No sir, no liabilities of any kind that I know of.

Examiner Burchmore: Mr. Gibbs holds no stock in the Palmetto Lbr. Co.

Mr. Ford: None whatever.

Examiner Burchmore: Does Mr. Gibbs or his bank hold any mortgage on the property of the Palmetto Lbr. Co. or its

3348 bonds?

Mr. Ford: Yes, he did at one time own what you might call the bond of our company to the extent of \$200,000.00. Those bonds have, however, been recently liquidated by us and we do not owe Mr. Gibbs anything any more.

Examiner Burchmore: How were they liquidated?

Mr. Ford: By selling to him timber we own in another part of the state of Texas?

Examiner Burchmore: Mr. Gibbs has no interest in this part of Texas within a short radius of ——?

Mr. Ford: He owns quite a lot of land all thru that section—he is quite an extensive land owner.

Examiner Burchmore: We are going into that quite minutely.

Mr. Ford: I am anxious to give you as clear an idea as I can.

Examiner Burchmore: To give you an example, I had one tap
line some months ago who came to us and frankly said,—the lumber people said that they had sold the railroad outright to a banker
in the cast, and divested themselves entirely of all interest, but

in the east, and divested themselves entirely of all interest, but within six months, we found that the road had been sold 3349 outright back to the original holders and the lumber tracts sold to somebody else. Within six months there was another complete flop in some other direction. So that it appears that rather than having actually sold all the railroad property to foreign

interest, it was sort of a financial re-arrangement of the property.

and it is perhaps essential in this case to know just who owned the railroad.

Mr. Ford: I am glad to give you any light I can on that question

and furnish you with any information that may help you.

Examiner Burchmore: Aside from any legal questions or teachnical questions of any sort, do you say that the railroad is not now owned or controlled through stock interest or otherwise, by the interest that control the Palmetto Lbr. Co.?

Mr. Ford: Yes, sir.

Examiner Burchmore: Completely divorced of any interest or control in the matter?

Mr. Ford: Yes. sir.

Examiner Burchmore: Does Mr. Gibbs or his bank own

3350 any timber holdings along this railroad or near it?

Mr. Ford: No, sir, we have bought from Mr. Gibbs everything outside of some hardwood timber left in that country.

Examiner Burchmore: I mean, Mr. Gibbs, in buying this railroad is not going to open up a saw mill or anything like that and has no such intention?

Mr. Ford: He has no such intention. His interest in the matter came from the fact that he lives at Huntsville about twelve miles west of Dodge on the I. & G. N.

Examiner Burchmore: Are there any extensions being planned

in this line?

Mr. Ford: Yes, sir.

Examiner Burchmore: For the immediate future?

Mr. Ford: Yes sir, we are planning for the immediate future.

Examiner Burchmore: For what purpose?

Mr. Ford: The purpose is to connect, to go thru the country, south of San Jacinto country and to connect up a line on the south—giving an outlet on the south with the H. E. & W. T. and

Santa Fe, originating tonnage for mills located on those roads.

Examiner Burchmore: This extension will be an ostensible

common carrier?

Mr. Ford: Yes, sir; most of the road is already that, but held in private hands. The intention is to connect the property up and make it a common carrier.

Examiner Burchmore: The Palmetto Lbr. Co. retains ownership

and control of its private tap road?

Mr. Ford: Yes, sir.

Examiner Burchmore: Is it not contemplated to connect the tap

road and receive a division through that?

Mr. Ford: No sir: In pursuance of this plan, it was contemplated to sell to the Trinity Valley Southern a portion of their tram road if that plan was carried out—to make a bona fide sale for a certain amount to the Trinity Valley Southern Railroad of about ten miles of their logging road. That was contemplated?

Examiner Burchmore: For the maintenance and continuation of the tap line division, you have no plan in connection with constructing another tap line to enable this same mill to retain its

division?

Mr. Ford: No sir, none whatever.

3352 Examiner Burchmore: Do you receive any benefit from the division now?

Mr. Ford: None whatever. Either directly or indirectly.

Examiner Burchmore: What is the capital stock of the Trinity Valley Southern?

Mr. Ford: Two hundred thousand dollars, issued.

Examiner Burchmore: Issued?

Mr. Ford: Yes, sir.

Examiner Burchmore: Mr. Gibbs owns the majority of that?

Mr. Ford: Yes, sir.

Examiner Burchmore: Has it been a divident paying company? Mr. Ford: Yes, it has, I think, made money every year.

Examiner Burchmore: State in a general way what the returns

have been for the past years?

Mr. Ford: I am not familiar of course, up to the time we took hold two years ago, except in a general way, but I have always understood it made money for its former owners. Diring the last two years, Mr. McCarter has the figures of the net earnings.

Examiner Burchmore: What was the rate of dividend?

Mr. Ford: We declared one dividend since we have had it, 3353 out of the surplus, of 10% at the annual meeting last February, this year.

Examiner Burchmore: How long had it taken to accumulate that

surplus?

Mr. Ford: About a year we had owned the company.

Examiner Burchmore: There was non surplus when you took it?

Mr. Ford: No sir, the stock carried no especial surplus.

Examiner Burchmore: That 10% was an extraordinary showing in view of the past history of the road?

Mr. Ford: No sir, it was not the entire earnings.

Examiner Burchmore: What surplus had been accumulated since?

Mr. Ford: I will explain here, Mr. Burchmore, that after that or about that time, in December, the Palmetto Lbr. Co. mill at Palmetto burned and the Trinity Valley Southern Railroad had about eight cars belonging to foreign roads on their rails which burned and which carried no insurance. They lost \$14 or \$15,000.00 which they had to stand out of their earnings. All that was charged

off the earnings of the last fiscal year, as nearly nominal. I have not the figures but I know that for the last 12 months,

we only had nominal earnings.

Examiner Burchmore: You are still president of the Railroad Company?

Mr. Ford: Yes, sir.

Examiner Burchmore: Elected at a meeting of the stockholders? Mr. Ford: Yes sir.

Examiner Burchmore: An actual meeting of the stockholders?

Mr. Ford: Yes sir an actual meeting.

Examiner Burchmore: You still control the policies of the company?

Mr. Ford: Well, when you speak of controlling-I do so on the advice and counsel of the owner of it, Mr. Gibbs. I control however, all of its local affairs in the broadest sense.

Examiner Burchmore: Are you and Mr. Gibbs partners in any

enterprise?

Mr. Ford: No sir.

Examiner Burchmore: You are not connected in any other business undertaking."

Mr. Ford: No sir; we are stockholders no he and I are not either—his family have an interest in a small lumber 3355 Company. We have a small interest in it.

Examiner Burchmore: Have you any interest in any

other company than the Thompson & Ford Co.?

Mr. Ford: Yes, two or three different companies outside of the Palmetto Lumber Company.

Examiner Burchmore: Large interest?

Mr. Ford: No sir, not very large. In other lumber companies about \$30,000.00 outside of what I own in the Palmetto.

Examiner Burchmore: An ordinary stockholder?

Mr. Ford: Yes. One is a retail concern and the other is a manufacturing concern that has no tap line or enjoys no division as far as I know.

Examiner Burchmore: What bonds?

Mr. Ford: A Railroad Company, no bonds.

Examiner Burchmore: Any deed?

Mr. Ford: No sir.

Examiner Burchmore: Original ventures?

Mr. Ford: Original?

Examiner Burchmore: Yes. Only \$20,000 of capital stock. does

that represent everything?

Mr. Ford: The \$20,000,00 capital stock is nominal that 3356 was originally issued. I understand that the original cost of the road was between \$55,000.00 and \$60,000.00.

Examiner Burchmore: That includes equipment?

Mr. Ford: Yes sir.

Examiner Burchmore: How did they raise the balance of the

fund-of the cost of construction?

Mr. Ford: Mr. Burchmore, I am not at all familiar with the original transaction because it has been about ten years ago, and I have only owned it two years.

Examiner Burchmore: When you took the road over, you pur-

chased the \$20,000.00 in capital stock?

Mr. Ford: Yes sir.

Examiner Burchmore: And paid therefor in cash?

Mr. Ford: Why I will tell you how that was made, as I told you that these holdings of Timber and Saw Mill property and Railroad were all owned by the same people—the same people in Chicago. They put a value on the whole property together-so much money. I persuaded Mr. Gibbs to assist me in financing it. It involved about \$500,000.00. I persuaded him to advance it for the Palmetto Lumber Company—the original price that Mr. Cary asked 3357 for the Mill was \$150,000.00. That is exclusive of timber or lumber. In view however of Mr. Gibbs and myself raising the money for the Palmetto Lumber Company personally, and securing payment of his deferred payments, we made a trade with Mr. Cary by which he reduced the price of the mill plant alone to \$110,000.00 and he and I personally acquired the stock of the Trinity Valley Southern Railroad Company. It was figured at \$40,000.00. That was the basis it was figured on when we made the deal with Mr. Cary.

Examiner Burchmore: As a matter of fact, the lumber and timber

and road were all paid at one time?

Mr. Ford: Yes sir.

Examiner Burchmore: As one interest?

Mr. Ford: Yes sir.

Examiner Burchmore: Is it contemplated that the Palmetto Lumber Company or stockholders thereof shall at a future date buy back the Railroad?

Mr. Ford: It has not been contemplated. The stockholders of the Palmetto Lumber Company outside of myself have never had any knowledge of the business or have not considered that they had any interest whatever in this road at any time.

3358 Examiner Burchmore: Do you own the right of way on

which the road is built?

Mr. Ford: No sir.

Examiner Burchmore: Who owns it?

Mr. Ford: The Trinity Valley Southern Railroad Company owns it by deed.

Mr. Powell: We brought that out by Mr. McCarter that the Rail-

road Company owns the right of way about 100 feet wide.

Examiner Burchmore: Is the Railroad Company recognized as a Common Carrier by the Railroad Commission of Texas?

Mr. Ford: Yes sir.

Examiner Burchmore: Accorded the full rights and privileges

that any other road in the state of Texas has?

Mr. Ford: As far as I know. Of course, we investigated that very thoroughly before we located the plant of the Palmetto Lumber Company on this road.

Examiner Burchmore: It has all the rights and disadvantages if

any?

Mr. Ford: Yes sir.

Examiner Burchmore: Do you know whether or not there has been any complaint of your rates made by other storekeep-3359 ers along this line?

Mr. Ford: If there has ever been, I know nothing about it. You see, I operated myself as a manufacturer along this line for eight years before I had interest personally, and I had no complaint to make during this time of the conduct of the road.

Mr. Dean: Mr. Ford, could you, with the present condition of the lumber business since the panic, operate your plant at all without a yearly or monthly loss if you had to pay the local freight rate from Oakhurst to Dodge, and then the common point rate from Dodge on to interstate destinations?

Mr. Ford: Well, I would say it would be at a severe financial dis-

advantage for me to do so-to operate my lumber business.

Mr. Dean: If the divisions were cancelled—I believe you stated you got no benefit out of the present division?

Mr. Ford: No sir.

Mr. Dean: If they were cancelled, would you have to pay the local rate to Dodge and from there the same rate you do to Oakhurst?

Mr. Ford: Yes, to interstate points.

Examiner Burchmore: You are speaking to me as a lum-

3360 berman or as a Railroad man?

Mr. Dean: His profession is Lumberman. He owns only one share of railroad stock. I want the record to show that the Palmetto Lumber Company makes itself a party to this record, and I now address him as President of the Palmetto Lumber Company in reference to the effect on the operations of that Company, of the cancellation of these divisions. Mr. Ford, you say that you had been operating in that territory for eight years before you personally acquired any interest in this stock?

Mr. Ford: Yes sir.

Mr. Dean: Now, when you went there, you did it on theory, because of knowledge of the fact that this was a common carrier, and thru it you could get to the markets of the United States?

Mr. Ford: Yes, I investigated that very thoroughly before I made

the investment.

Mr. Dean: Would you have invested in that, or located your plant there except for the fact that this Trinity Valley Southern Railroad Company had common carrier privileges and through rates and divisions?

Mr. Ford: I would not.

3361 Mr. Dean: Would you have made the purchase from Mr. Cary of the lumber interest or Saw Mill plant and stock of timber and lumber that you did two years ago except for the fact that you could get the same rate from Oakhurst where the mill was located as you could get on the line of any main or trunk line?

Mr. Ford: No, sir, Iwould not have considered the investment.
Mr. Dean: Now, has the Palmetto Lumber Company its own logging equipment complete?

Mr. Ford: Yes sir.

Mr. Dean: About how much logging road does the Palmetto Lumber Company own?

Mr. Ford: Altogether about twenty miles.

Mr. Dean: About 20 miles of Logging Road?

Mr. Ford: Yes, sir.

Mr. Dean: What is the capacity of the Palmetto Lumber Company?

Mr. Ford: About twenty million feet a year.

Mr. Dean: Before you purchased the Columbia Lumber Company plant, what was the capacity of the Palmetto Lumber Company plant at Palmetto, Texas?

3362 Mr. Ford: About fifteen million feet.

Mr. Dean: There was at that time located a Saw Mill at Youngstown, I believe.

Mr. Ford: Yes sir.

Mr. Dean: Do you know what became of that mill and why?

Mr. Ford: It burned, and they did not rebuild it.

Mr. Dean: Now, has the Trinity Valley Southern Railroad Company ever hauled any logs for you or logged any timber—that is, for the Columbia or Palmetto Lumber Company or any other mill since you have been operating in that territory during the last eight years?

Mr. Ford: Not to my knowledge. Not for the Palmetto Lumber

Company. I will state that as a fact.

Mr. Dean: You are familiar in a way with its operation? Your mills are right by its tracks?

Mr. Ford: Yes sir.

Mr. Dean: If it had logged for the Columbia Lumber Company at any time, you would have known it?

Mr. Ford: I am quite sure it did not or I would have known it.

Mr. Dean: Was it ever built as a logging proposition?

Mr. Ford: My information is that it was not.

3363 Mr. Dean: Has it ever, to your knowledge, had any milling in transit rates?

Mr. Ford: To my knowledge, it has not.

Mr. Dean: I believe you said your last investment represented \$500.000.00?

Mr. Ford: Yes sir.

Mr. Dean: Is there other timber in that territory to be served by this Railroad Company other than the Palmetto Lumber Company timber?

Mr. Ford: Yes sir.

Examiner Burchmore: Will you furnish the commission with a map drawn to scale, of the line of the Railroad Company showing the junction points with the I. & G. N. and showing the mill location and all the tracks, and showing also the tracks of the private road of the Lumber Company. In other words, a small copy, the smaller the better, so long as it is logical—that will acquaint us with the whole lay of the land.

Mr. Ford: Yes I have some maps of that kind gotten up by some engineer at home, and can send you one of these. Do you wish the tram roads of the Palmetto Lumber Company to be shown on that

map?

3364 Examiner Burchmore: Yes so that we can distinguish them and the mill point, and the station buildings, and show the settlements.

Mr. Ford: I will try to get you up as comprehensive a map as I

can on a small scale.

Examiner Burchmore: One other question. Suppose that the divisions were withdrawn either as a result of an order from the commission or voluntary action of the I. & G. N. and the Trinity Valley Southern Railroad Company should participate in no joint rates, but

suppose simultaneously the rates—the proportional rates or through rates—were established from the junction point, the same thing as the present net rate accruing beyond junction points, so that shipments of lumber, instead of applying the usual rate on which you receive a division, you would charge your local rate to Texas Points and the I. & G. N. would apply a lower rate beyond, would the effect be seriously detrimental to the interest of the Railroad Company?

Mr. Ford: No, sir, I would not think it would be serious to the in-

terest of the railroad Company.

Examiner Burchmore: Well it would prejudice the lumber Company.

3365 Mr. Ford: I should think very seriously.

Examiner Burchmore: That would be the same rates in

cents per hundred pounds to get to that market?

Mr. Ford: That would be true provided the same rate applied from Oakhurst as from Dodge or any point on the Main line of the I. & G. N.

Examiner Burchmore: What I mean to say is, if the same rate applied to market that now applies, and the proportional adjustment obtained elsewhere, would not you be in as good a position as you are right now, as a Railroad man?

Mr. Ford: In other words, the Railroad would be entitled to charge a local rate from terminus to the connection with the I. &

r. N.

Examiner Burchmore: Yes?

Mr. Ford: I don't see how it would affect their earnings.

Examiner Burchmore: Your local would be three or four or five cents?

Mr. Ford: Well, I don't see how it would, but if the lumber company had to pay the local rate arbitrarily of three or four or five cents or go into Dodge to the connection of the I. & G. N. and then

all of the mills located along the I. & G. N. Railroad should 3366 take advantage of the lower rate, the effect you can readily see, how it would hurt us to the extent of the local rate.

Examiner Burchmore: As a matter of fact, are any mills located immediately on the line of the trunk lines, who get their logs immediately on that line?

Mr. Ford: Yes, very large mills.

Examiner Burchmore: They get their logs by team?

Mr. Ford: By rail.

Examiner Burchmore: From along the line of the I. & G. N.?

Mr. Ford: No sir, by their tram roads.

Examiner Burchmore: But if your divisions were taken away, I presume theirs would be.

Mr. Ford: They have no divisions.

Examiner Burchmore: Then are they not now at a great disadvantage in comparison with you?

Mr. Ford: No sir, not as far as my lumber company is concerned, for our company gets no interest in the divisions.

Examiner Burchmore: They have the same rate that you do?

—. From your Lumber Mill?

Mr. Ford: Yes sir, exactly.

Examiner Burchmore: They have to bear the expense of operating their tram roads, don't they, as your tram road is paid for?

Mr. Ford: Yes sir, we do not get a cent division from our tram

lines.

Examiner Burchmore: What I mean is this. At or out of your private tram line?

Mr. Ford: Yes, sir.

Examiner Burchmore: But you go to the I. & G. N. without cost from your mill. You pay the same rate from your mill which a man on the I. & G. N. pays from his mill?

Mr. Ford: Yes sir.

Examiner Burchmore: Then to all intents and purposes as a lumber man, you are on the I. & G. N. as far as the rates are concerned?

Mr. Ford: But it costs to haul lumber from Oakhurst to Dodge.

The Railroad should have something for it.

Examiner Burchmore: There are lumber concerns on the Santa Fe and other points within common carrier territory, and a number of points on the main trunk line, which would be your com-

3368 petitors?

Mr. Ford: Yes, sir.

Examiner Burchmore: Which would have a rate equal to the local in case this division was cancelled?

Mr. Ford: Yes sir.

Examiner Burchmore: Could you compete with that?

Mr. Ford: I would be handicapped at least \$1.00 per thousand if I had to pay a local rate for this haul. It would be a very serious matter for us.

Examiner Burchmore: Lumber dealers or mills located on the

Santa Fe do not receive divisions from their tap line?

Mr. Ford: No sir.

Examiner Burchmore: How do they compete with those who receive them? Do you know of any advantage that the mills located on the Santa Fe have, that is denied to the mills on the other road?

Mr. Ford: I certainly do.

Examiner Burchmore: Can you state them?

Mr. Ford: They get in the territory on the Santa Fe Railroad which other mills located off the Santa Fe are debarred from reaching for the reason of the fact that the Santa Fe Railroad re-

fused to handle the business of the lumber producing roads in Texas in the division of the through rate, thereby debarring all such plants from entering into the Santa Fe territory.

Examiner Burchmore: But the mill that has a tap line connected

with the Santa Fe gets no division?

Mr. Ford: Gets no division. No, sir.

Examiner Burchmore: Has to pay the cost of keeping up its tap line?

Mr. Ford: Yes, sir. I know of no instance in our state, to my knowledge, of any division being granted to any roads along the basis of the testimony I have heard at this hearing. In other words,

there are no mills or tap lines that I know of that enjoy and division that operate purely a logging road as the Livingston and SouthEastern Tap Line. It is a similar proposition to the Oakhurst road.

Examiner Burchmore: It handles nothing but lumber for the

Knox Lumber Company?

Mr. Ford: I don't know about that, but it handles lumber alone, not logs.

Examiner Burchmore: The mill is located at the termi-

nus?

3370 Mr. Ford: That is the only class of mills I can figure that are not getting any divisions in the State of Texas. All

others have been abolished.

Examiner Burchmore: Have you any further statement to make? Mr. Ford: No, sir, I don't know anything further. The situation is this: on these tap lines so called, in Texas, that the owners of mill interests located at the terminus of such roads as the Trinity Valley Southern Railroad, and participating in the earnings of that road-you can readily see what a serious matter it would be for those concerns if those divisions were cancelled, and they had to absorb an arbitrary local rate from the milling point to the trunk line.

Examiner Burchmore: Would it be a serious proposition for

them if they were withdrawn?

Mr. Ford: I think it would because there are very few in that position. Most of them are located on the main line and get no division-have nothing to do with the tap line rates. There are comparatively few mills in our state not located on the main lines, and which do not pretend to get any division.

3371 Examiner Burchmore: The mills located on the main line have to bear the expenses of getting logs up to the mill?

Mr. Ford: Yes, and so do all of them.

Examiner Burchmore: A mill at the far end of the tap line?

Mr. Ford: Has to bear the same expenses exactly.

Examiner Burchmore: Does it in our case?

Mr. Ford: It certainly does in our case.

Examiner Burchmore: You bear the expenses of your private tram line, but you do not bear the expenses of getting that lumber up to the I. & G. N.?

Mr. Ford: No, sir, neither does the other mill.

Mr. Dean: You don't know of any timber contiguous to the I. & G. N.?

Mr. Ford: No, sir.

Mr. Dean: Now, is the logging equipment of the other mills of the same capacity as yours; they are logged on the main line?

Mr. Ford: Several of them.

Mr. Dean: Your length of tram road and logging equipment is as extensive and expensive as a main line saw mill?

Mr. Ford: Yes, sir. Mr. Dean: Then you are not paid at all for getting your 3372 logs from the woods to the mill?

Mr. Ford: In no way whatever, either directly or indirectly.

Mr. Dean: What is the taxable value of this road, and upon what basis do you pay taxes?

Mr. Ford: About \$60,000.00 a year. They tax us pretty high

down there.

By Mr. POWELL:

Defendants offer in evidence a report for the year 1910 to 1910 of the income and expenses of the Trinity Valley Southern Railroad Company, marked Exhibit "A."

The said report so offered and identified, was received in evidence and thereupon marked "Defendant's Exhibit A," received in evidence December 13th, 1910, page 3372, and is attached hereto.

3373

Natchez, Columbia & Mobile R. R.

NEW ORLEANS, LA., December 13, 1910.

Mr. Brady: Mr. Butterfield wishes to make a further statement with reference to the Natchez, Columbia & Mobile Railroad. Mr. Butterfield has not made it clear to the Examiner that the Butterfield Lumber Company does not profit in any way by a division of rate with the Natchez, Columbia & Mobile Railroad Company, I desire to have Mr. Butterfield restate that it does not.

Examiner Burchmore: It is not perfectly clear, but I think it will become clear upon examination of the tariffs. I understood Mr. Butterfield to state definitely that the Butterfield Lumber Company does not profit, directly or indirectly, through the payment of this refund of 2 cents by the Illinois Central Railroad, except in so far as that 2 cents goes to the railroad with which it is connected.

Mr. Brady: That is true, is it not?

Mr. Butterfield: Yes, sir; the 2 cents goes to the railroad company, the stock of which is owned by the owners of the lumber company.

Examiner Burchmore: Aside from that indirect advantage, there

is no other?

Mr. Butterfield: None whatever.

Mr. Brady: The reason for asking the question, Mr. Ex-3374 aminer, is that there was some little cloudiness about that on your part and on his yesterday in the examination. We want to ask Mr. Butterfield whether or not there is any telegraph or telephone line along his railroad.

Mr. Butterfield: There is a telephone line consisting of four wires, two of which,-it is owned by the Cumberland Telephone

& Telegraph Company.

Mr. Brady: I want to ask you, Mr. Butterfield, whether anybody connected with the Natchez, Mobile & Columbia Railroad Company, and using passes that you described as having been issued by the Illinois Central Railroad Company, are salesmen of lumber for the Butterfield Lumber Company?

Mr. Butterfield: No. sir.

Mr. Brady: I will ask you whether or not there is any person

connected with the Butterfield Lumber Company that uses passes issued by the Illinois Central Railroad, or any other line, in connection with the sale of lumber for the Butterfield Lumber Company?

Mr. Butterfield: No, Sir. I want to add that this telephone line is put up under contract with the railroad company and the telephone company, and the telephone company furnishes and

3375 maintains two wires on this for the railroad company in its operation of its trains.

Mr. Brady: Who pays for those wires?

Mr. Butterfield: The railroad company pays for its rental. Examiner Burchmore: What is this telephone company?

Mr. Butterfield: It is the Cumberland Telephone & Telegraph Company.

Examiner Burchmore: Part of the Bell system?

Mr. Butterfield: Part of the Bell system, I understand.

Examiner Burchmore: I will call the case of the Kentwood, Greensburg & Southwestern Railway Company.

Mr. Brady: We are ready in the New Orleans, Natalbany & Natchez Railway Company.

3376 New Orleans, Natalbany & Natchez Railway Company,

Examiner Burchmore: I will call the case of the New Orleans,

Natalbany & Natchez Railway Company.

Mr. Brady: This railroad is not managed like Mr. Butterfield's. There are different departments in it, and I want to tender different witnesses for different purposes, and I will tender the witness and state for what purpose. I want to submit an answer, or statement with reference to it, which is exactly like the one tendered for the Natchez Columbia & Mobile Railroad yesterday.

Examiner Burchmore: This motion by the New Orleans, Natalbany & Natchez Railway Company will be received and submitted

to the Commission for such action as it may deem proper.

(The paper so offered and identified was received in evidence and thereupon marked "New Orleans, Natalbany & Natchez Railway Company Exhibit No. 1, received in evidence December 13, 1910, and is attached hereto.)

Mr. Brady: I will make another statement that will considerably tend to facilitate the hearing. I will state to the Examiner that the stockholders in the New Orleans, Natalbany & Natchez Railway Company are identical with those of the Natalbany Lumber Company, with the exception of four stockholders that are

stockholders in the railroad company who are not stock-3377 holders in the lumber company, the total shares of stock owned by the four in the railroad company being four. Now, I am going to ask Mr. Smythe to take the stand, and I tender Mr. Smythe as a witness purely for the purpose of showing the

physical conditions and the manner and method of operating the railroad company, and not with reference to the auditing or account-

ing of the railroad company, since he has no connection with that

Examiner Burchmore: Will you have all the witnesses rise and

be sworn?

Mr. Brady: Yes, Sir. I will ask all my witnesses, all of the men here with me, to rise and be sworn. I may not tender them all, but I will have them sworn now.

(The witnesses were instructed to rise, and were sworn by the Examiner.)

T. L. SMITHE was called as a witness, and having been duly sworn, testified as follows:

Direct examination.

Examiner Burchmore: Where do you reside, and what is your occupation?

Mr. Smythe: I reside in Hammond, Louisiana, and I am General

Manager of the N. O. N. & N. Railroad.

3378 Examiner Burchmore: Are you also an officer of the Natalbany Lumber Company?

Mr. Smythe: No, Sir.

Examiner Burchmore: Not employed by that company?

Mr. Smythe: No. sir.

Examiner Burchmore: Where is this railway located?

Mr. Smythe: It leaves the Illinois Central about three miles north of Hammond.

Examiner Burchmore: And runs?

Mr. Smythe: And runs in a westerly direction about five miles, then bears north around a curve two miles and a half, then north forty-five degrees west about six or seven miles, and then in a northwesterly direction.

Examiner Burchmore: What is the northwesterly terminus of

the line?

Mr. Smythe: A little town called Pine Grove. Now, that is the last town, the railroad is built beyond that about two miles, that is, it is in process of construction.

Examiner Burchmore: Your junction with the Illinois Central

is at Natalbany?

Mr. Smythe: Natalbany.

Examiner Burchmore: How large a place is Natalbany? 3379 Mr. Smythe: A little town of about a thousand people, very nearly that.

Examiner Burchmore: Does this road connect with any other

railroad than the Illinois Central?

Mr. Smythe: No. Sir.

Examiner Burchmore: Are there any private tram-lines connetced with this railroad?

Mr. Smythe: Well, there is one private spur.

Examiner Burchmore: Where is that located? Examiner Burchmore: First, with respect to this one private spur, and then the Natalbany Lumber Company's logging spurs.

Examiner Burchmore: First, wit hrespect to this one private spur, where is that located, and to whom does it belong?

Mr. Smythe: About twenty miles from Natalbany. Examiner Burchmore: By whom is it owned?

Mr. Smythe: By Thornton, Claney & Company, Chicago.

Examiner Burchmore: The Natalbany Lumber Company has one or two private tram-lines?

Mr. Smythe: Yes, Sir.

Examiner Burchmore: Please state where they connect with your

line, and their extent.

Mr. Smythe: They have two, and the easterly one connects with the N. O. N. & N. about twenty-one miles from Natal-3380 bany, and the other one at twenty-four and a half miles from Natalbanv.

Examiner Burchmore: Are those connecting points, or connec-

tions, designated with any station name?

Mr. Smythe: The last one I mentioned there is designated as

Pine Grove.

Examiner Burchmore: What stations are there on the line? I mean stations from a tariff standpoint.

Mr. Smythe: There are three. Examiner Burchmore: Name them.

Mr. Smythe: Natalbany, Montpelier and Pine Grove.

Examiner Burchmore: What is Georgeville? Mr. Smythe: Georgeville is a little flag station.

Examiner Burchmore: Is that not the point of connection with

the first tram-line?

Mr. Smythe: It used to be, but the lumber company have practically logged out their timber there and the tracks are practically taken away.

Examiner Burchmore: Is that true with respect to Storey?

Mr. Smythe: The company camps are there, but their logging operations are about completed.

Examiner Burchmore: What is the length of each of those 3381 private tram-roads of the Natalbany Lumber Company?

Mr. Smythe: Those people have one main spur at each place that they take up. The first one I mentioned there is about two and a half miles long and the next is about five. This does not include the lateral spurs; there are several of these.

Examiner Burchmore: What industries are there situated along the line, aside from the Natalbany Lumber Company? Please

name them.

Mr. Smythe: Yes, sir: I was just going to say: I have to go numerically first, seven saw mills.

Examiner Burchmore: Seven saw-mills?

Mr. Smythe: Yes, Sir.

Examiner Burchmore: Are any of these mills of large capacity? Mr. Smythe: All small mills; one of the them is about twenty thousand to twenty-five.

Examiner Burchmore: And who owns that mill?

Mr. Smythe: The Penna.-Mich, Lumber Company. It is a connection of the two States, Pennsylvania and Michigan.

Examiner Burchmore: Like Texarkana,

Mr. Smythe: Yes. Sir. 3382

Examiner Burchmore: Are there any box factories along the line?

Mr. Smythe: No, sir.

Examiner Burchmore: Stave makers?

Mr. Smythe: Yes, Sir.

Examiner Burchmore: A number of stave makers?

Mr. Smythe: Yes, Sir.

Examiner Burchmore: Those are stave mills?

Mr. Smythe: No, Sir; now the Janovich people in New York make staves all over that part of the country, and also the Austro-American Stave Company, and then numbers of other firms make

Examiner Burchmore: How do you spell that Janovich?

Mr. Smythe: J-a-n-o-v-i-c-h.

Examiner Burchmore: Does the Natalbany Lumber Company own or control the Thornton-Claney Company?

Mr. Smythe: No, Sir.

Examiner Burchmore: No connection whatever?

Mr. Smythe: Not a thing in the world.

Examiner Burchmore: Does the Natalbany Lumber Company own any of the other companies that you referred to?

3383 Mr. Smythe: None whatever.

Examiner Burchmore: The Penna,-Mich, Lumber Company is entirely independent?

Mr. Smythe: Entirely independent.

Examiner Burchmore: Who owns the timber lands along the line?

Mr. Smythe: You mean, who owns the major portion of it? Why, the Natalbany Lumber Company and others.

Examiner Burchmore: The Natalbany Lumber Company owns the major portion?

Mr. Smythe: Yes, Sir; I think so.

Examiner Burchmore: What are their total holdings in the territory served by the line?

Mr. Brady: I will put on other witnesses to show that.

Examiner Burchmore: I will withdraw the question as to you, then. I should ask another witness as to the financial operations?

Mr. Brady: Yes, Sir; Mr. Smythe is the manager of it, practical manager on the line.

Examiner Burchmore: What is the total mileage of this railroad? Mr. Smythe: Twenty-five miles.

Examiner Burchmore: Our records indicate a mileage of 3384 thirty-one miles. Have you taken up some track? Mr. Smythe: No.

Examiner Burchmore: Have you any side track?

Mr. Smythe: We have. That is the length of the main line that I have given you. We have numbers of side-tracks. But, bythe-way, allow me to modify that. That twenty-five miles that I mentioned does not include a number of miles that belong to the N. O. N. & N. Railway Company. We have about five miles at Natalbany, and then we have possibly two or three miles of side-track. So, taking it all together, we have probably thirty-two miles. I was just giving you the length of the main line.

Examiner Burchmore: Is it standard-gauge?

Mr. Smythe: Yes, Sir.

Examiner Burchmore: What is the weight of the rail?

Mr. Smythe: Fifty-six and sixty pounds. Examiner Burchmore: How is it ballasted?

Mr. Smythe: With the ordinary soil of the country mostly; in other places we have got cinders and sand.

Examiner Burchmore: Are there any sharp grades and curves? How are the bridges, are there any bridges?

Mr. Smythe: Yes, Sir.

3385 Examiner Burchmore: Are they substantial?

Mr. Smythe: They are in good shape.

Examiner Burchmore: How would you describe the general construction of the road; is it well constructed?

Mr Smythe: It is in first-class condition; it is in good condition. Examiner Burchmore: I mean, is it constructed about as a branch line of a standard railroad is constructed, or like a logging road?

Mr. Smythe: It is in better shape than the ordinary branch line

of a standard railroad.

Examiner Burchmore: What station, or stations, have you, if

any?

Mr. Smythe: We have two good stations, one at Montpelier with an agency now, and one at Pine Grove. We have a good flag-station a little ahead. We have good stations at Brookhaven, Johnsons, Georgeville and Storey.

Examiner Burchmore: Warehouses at those points, or some of

them, where you can store L. C. L. freight?

Mr. Smythe: Yes, Sir.

Examiner Burchmore: Have you any track scales?

Mr. Smythe: Yes, Sir.

3386 Examiner Burchmore: Any wagon scales?

Mr. Smythe: No. Sir.

Examiner Burchmore: Any small scales in the depots?

Mr. Smythe: Yes, Sir.

Examiner Burchmore: Have any lunch counters?

Mr. Smythe: No, Sir.

Examiner Burchmore: Are there any public team tracks along the line where carload shipments can be unloaded by shippers?

Mr. Smythe: Yes, Sir.

Examiner Burchmore: Where are those located? Mr. Smythe: Well, at all of them, for that matter.

Examiner Burchmore: That is a sufficient statement. Does the New Orleans, Natalbany & Natchez Railway have any trackage rights over the Illinois Central?

Mr. Smythe: No, Sir.

Examiner Burchmore: Has it accorded any trackage rights to the Natalbany Lumber Company? Mr. Smythe: No. Sir.

Examiner Burchmore: Does the railroad company operate over the private tran-line of the lumber company?

Mr. Smythe: No, Sir.

Examiner Burchmore: How many locomotives has the rail-3387 road company?

Mr. Smythe: Ten.

Examiner Burchmore: What character of locomotives.—I withdraw that question, the annual report shows it. How many box cars?

Mr. Smythe: Six.

Examiner Burchmore: Flat-cars?

Mr. Smythe: We have about one hundred and thirty, I think, in good condition.

Examiner Burchmore: Are those regular flat-cars, or logging cars? Mr. Smythe: Regular flat-cars; and these flat-cars we use for logging purposes and any other purpose.

Examiner Burchmore: Any cabooses?

Mr. Smythe: One.

Examiner Burchmore: Any passenger coaches?

Mr. Smythe: Two.

3388

Examiner Burchmore: Two regular passenger coaches?

Mr. Smythe: One regular passenger coach, and one good fair coach for the laborers.

Examiner Burchmore: Have you any steam shovels and derricks?

Mr. Smythe: Yes, Sir; and do you consider pile-drivers in that classification?

Examiner Burchmore: Yes, Sir.

Mr. Smythe: Well, we have a pile-driver.

Examiner Burchmore: Have you any motor cars?

Mr. Smythe: Two.

Examiner Burchmore: How many persons do these seat?

Mr. Smythe: One seats four and the other twelve.

Examiner Burchmore: Any hand cars?

Mr. Smythe: Yes, Sir.

Examiner Burchmore: How many?

Mr. Smythe: Eight, I believe.

Examiner Burchmore: Eight hand-cars?

Mr. Smythe: Something like that, I don't just remember, Examiner Burchmore: Is your equipment supplied with the neces-

sary safety appliances as required by the Acts of Congress?

Mr. Smythe: We have one train which is supplied as required, and of our flat-cars about seventy per cent of them have safety appliances and the others are in the process of having these put

3389 Examiner Burchmore: It is your intention to comply with

the law as far as possible?

Mr. Smythe: We are doing that in all our repairing.

Examiner Burchmore: Does the Natalbany Lumber Company own any locomotives?

Mr. Smythe: No, Sir.

Examiner Burchmore: Does it own any cars?

Mr. Smythe: No, sir.

Examiner Burchmore: Does it lease any locomotives or cars?

Mr. Smythe: Yes, sir.

Examiner Burchmore: From whom?

Mr. Smythe: From the N. O. N. & N. Railway.

Examiner Burchmore: How many?

Mr. Smythe: Six locomotives.

Examiner Burchmore: How many cars?

Mr. Smythe: It does not lease any cars, we use the cars in the service.

Examiner Burchmore: What payment is made for the use of those leased locomotives?

Mr. Smythe: Twelve Dollars a day.

Examiner Burchmore: Does that twelve dollars a day include the crew?

Mr. Smythe: No, sir.

Examiner Burchmore: Include the fuel?

Mr. Smythe: The fuel, yes, sir.

Examiner Burchmore: Just the locomotive and fuel. Mr. Smythe: Yes, Sir; and the necessary repairs.

Examiner Burchmore: Is that twelve dollars a day supposed to include the actual cost of the locomotive a day, or is it supposed to include a profit.

Mr. Smythe: I consider that a fair remuneration.

Examiner Burchmore: On a cost basis?

Mr. Smythe: Yes, Sir.

Examiner Burchmore: But not to give them a profit?

Mr. Smythe: Yes, Sir.

Examiner Burchmore: How did you arrive at twelve dollars?

Mr. Smythe: We just calculated what the locomotive would cost
us, and figured a little percentage of profit.

Examiner Burchmore: What was that percentage of profit?

Mr. Smythe: Ten per cent.

Examiner Burchmore: You think that is the result?

Mr. Smythe: Yes, Sir, being fair.

Examiner Burchmore: How many employés has the rail-3391 road company engaged on maintenance of track?

Mr. Smythe: I think the records better show that, Sir;

I don't remember.

Examiner Burchmore: Well, three or four section gangs, or one? Mr. Smythe: I think it has four section gangs.

Examiner Burchmore: Do these section men—

Mr. Smythe: Let's see, five, including the Bridge Repair crew. Examiner Burchmore: Do these five section crews devote any part of their time to the repairing or relaying of the private tracks of the lumber company?

Mr. Smythe: No, Sir.

Examiner Burchmore: Their work is exclusively performed on the railroad? Mr. Smythe: Yes. Sir.

Examiner Burchmore: How many station agents have you?

Mr. Smythe: Three.

Examiner Burchmore: How many train employés has the rail-road company?

Mr. Smythe: Fifteen or sixteen men.

Examiner Burchmore: How many crews?

3392 Mr. Smythe: We have four crews.

Examiner Burchmore: What employés are there in the general office of the railroad?

Mr. Smythe: I think the clerical end will better show that.

Examiner Burchmore: Do you run passenger trains?

Mr. Smythe: Yes, Sir; a local mixed train.

Examiner Burchmore: What is your passenger service, the number of trains daily, and whether they run on regular schedule?

Mr. Smythe: Well, we run one train up the road daily, twice

each way.

Examiner Burchmore: Does that meet the Ilinois Central trains?

Mr. Smythe: Yes, Sir.

Examiner Burchmore: It runs on regular schedule?

Mr. Smythe: Yes, Sir.

Examiner Burchmore: Have you published time tables?

Mr. Smythe: Yes, sir.

Examiner Burchmore: Do you purpose filing that in the record?

Mr. Smythe: I suppose so.

3393 Mr. Brady: Yes, Sir; I have all of them.

Examiner Burchmore: How many freight trains, or logging trains, are run daily?

Mr. Smythe: Generally four.

Examiner Burchmore: Four in each direction? Mr. Smythe: No, Sir; four in one direction.

Examiner Burchmore: Four loaded and four back?

Mr. Smythe: Four loaded and return empty.

Examiner Burchmore: Are these run on regular schedule?

Mr. Smythe: No, Sir.

Examiner Burchmore: What is the number of cars in your local mixed train?

Mr. Smythe: They vary from four to a dozen.

Examiner Burchmore: Your logging trains are fifteen to twenty cars?

Mr. Smythe: No, Sir; we very seldom handle less than eight thousand feet.

Examiner Burchmore: Do you have any merchandise cars for L. C. L. traffic?

Mr. Smythe: Yes, Sir.

Examiner Burchmore: That is handled on your mixed train?
Mr. Smythe: Yes, Sir.

3394 Examiner Burchmore: Does the railroad transport the United States mails?

Mr. Smythe: Yes, Sir.

Examiner Burchmore: Under a standard government contract?

Mr. Smythe: Yes, Sir.

Examiner Burchmore: What is your compensation for that a year?

Mr. Smythe: The clerical end will show that.

Examiner Burchmore: Do you transport express matter?

Mr. Smythe: Except as freight.

Examiner Burchmore: Do you carry passengers?

Mr. Smythe: Yes, Sir.

Examiner Burchmore: Do those passengers purchase tickets?

Mr. Smythe: Sometimes.

Examiner Burchmore: Usually pay cash fares? Mr. Smythe: Well, usually, yes, Sir; that is a fact.

Manager Burchmore: How many passengers do you handle per

day, on an average?

Mr. Smythe: That is a pretty hard question to answer, because it varies.

Examiner Burchmore: Is it usual to find four or five

passengers on a train, or twenty or thirty?

Mr. Smythe: Well, we never have less than four or five, and very frequently more than that, fifteen or twenty, or eight or ten, along there.

Examiner Burchmore: Are the employés of the lumber company

carried free?

Mr. Smythe: No, Sir.

Examiner Burchmore: You issue annual passes to some of them? Mr. Smythe: We make annual arrangements. My instructions were that there should be remuneration, so I issue the employés transportation so as not to interfere with the remuneration of the conductor.

Examiner Burchmore: They ride on monthly tickets?

Mr. Smythe: I just write them out, that is, just in emergency

cases, otherwise they pay.

Examiner Burchmore: When riding on lumber company's business then, the mill employe's fare is paid to the railroad company.

Mr. Smythe: The mill employé pays his fare just the same as any other man. I am talking about a man sent out there to the end of the road on emergency, or something of that kind. 3396

Examiner Burchmore: But even from such man you receive a cash fare the same as any other?

Mr. Smythe: Just the same.

Examiner Burchmore: Lumber and logs is the predominating

commodity handled by the railroad?

Mr. Smythe: Yes, Sir, we handle a great many logs. I might state incidentally that I have only been with these people two years. Examiner Burchmore: I have omitted to ask where the mill is located. I refer to the mill of the Natalbany Lumber Company.

Mr. Smythe Not exactly at Natalbany, there are three of them, the first little station on the road, Mason, which is not very much used, about a mile from the main line of the I. C.

Examiner Burchmore: That is one mill.

Mr. Smythe: Two of them there, the two large mills.

Examiner Burchmore: Is it a sawmill and planing mill? Mr. Smythe: There are two large sawmills and a planer.

Examiner Burchmore: Where is the third mill?

Mr. Smythe: A short distance from the junction of the road.

3397 Examiner Burchmore: How far from the rails of the Illinois Central?

Mr. Smythe: The junction of the two roads.

Examiner Burchmore: From the right-of-way of the Illinois Central?

Mr. Smythe: Within one hundred feet of it.

Examiner Burchmore: Is there any side-track from the Illinois Central to the mill?

Mr. Smythe: There are two side-tracks.

Examiner Burchmore: I mean, is the mill reached from a private side-track from the Illinois Central? Could cars be taken from the Illinois Central on a private side-track to the mill?

Mr. Smythe: The whole connection is right there, you understand, and they are all switched one from the other. I don't under-

stand your question, Sir.

Examiner Burchmore: Is there any means by which a car can be set at the Natalbany Mill by the Illinois Central, without moving on rails of the New Orleans, Natalbany & Natchez Railway?

Mr. Smythe: No, sir.

Examiner Burchmore: That question, I presume, will be answered by the map that you will file later?

Mr. Smythe: Yes, Sir.

Examiner Burchmore: What percentage of the total lumber move-

ment comes from these Natalbany mills?

Mr. Smythe: The report will show that, Sir. The clerical report will show that better than I could answer. We have all those figures in proper condition so they will be better shown than I can answer.

Examiner Burchmore: Can you advise me with reference to the

method of handling freight and billing?

Mr. Smythe: No, sir.

Examiner Burchmore: How are the logs transported from the

forest to the mills?

Mr. Smythe: In regard to the Natalbany Lumber Company, the logs are delivered at the junction of the Natalbany Lumber Company's spurs and the N. O. & N. line, and the N. O. & N. N. engines make up the trains at these points and deliver them to the Natalbany Lumber Company.

Examiner Burchmore: What compensation does the railroad com-

pany receive for hauling the logs to the mill?

Mr. Smythe: Three cents per hundred pounds.

Examiner Burchmore: Three cents per hundred pounds on 3399 what?

Mr. Smythe: On the weight of the logs.

Examiner Burchmore: On the actual weight of the logs, or the estimated weight?

Mr. Smythe: Estimated weight. Estimated from the actual

weight and scale.

Examiner Burchmore: Does the conductor of the train that

handles these logs into the mill, have any waybill covering the trainload?

Mr. Smythe: He makes his report, as I understand it, of each car, and once a month the month's work is billed regularly, the same as any other freight.

Examiner Burchmore: No Bills of Lading are issued covering the

hauling of the logs into the mill?

Mr. Smythe: For individual trains?

Examiner Burchmore: For individual trains.

Mr. Smythe: No, Sir.

Examiner Burchmore: Are the empty cars provided by the Illinois Central?

Mr. Smythe: Yes, Sir.

Examiner Burchmore: And this railroad company takes these empty cars and places them at the mill?

Mr. Smythe: Yes, Sir, the N. O. N. & N. switch engine. Examiner Burchmore: When so placed, they are loaded by the employees of the lumber company?

Mr. Smythe: Yes, Sir; and then delivered to the I. C. by the

N. O. N. & N. switch engine.

Examiner Burchmore: Who issues the bill of lading for the out-

move of lumber?

Mr. Smythe: That is another question that must be answered by

the clerical end.

3400

Examiner Burchmore: You stated that the Thornton, Claney Company has a private spur?

Mr. Smythe: Yes, Sir.

Examiner Burchmore: How long is that private spur?

Mr. Smythe: In a direct line, a mile and a half, and then there is a little branch about two miles.

Examiner Burchmore: Where is their mill located?

Mr. Smythe: They have no mill.

Examiner Burchmore: What is their business?

Mr. Smythe: They bought a yard of lumber that was manufactured by a little mill about a year and a half ago, and they built their spur in there to remove that, and they put in a little planer, and they are shipping the lumber to Chicago.

Examiner Burchmore: How much lumber is there out

there?
3401 Mr. Smythe: Approximately five million feet in that bunch.

Examiner Burchmore: Already cut?

Mr. Smythe: Yes, Sir.

Examiner Burchmore: How did such a quantity of lumber accu-

mulate out there?

Mr. Smythe: In 1908, a cyclone passed through that country, and Mr. T. H. Bowles owned a piece of land that was badly damaged, and he put a little mill in there and cut the lumber and put it right there in the woods.

Examiner Burchmore: Why didn't he team it across to the rail-

road?

Mr. Smythe: I expect the expense would be too great.

Examiner Burchmore: Would that expense be greater than to construct a special railroad?

Mr. Smythe: Yes, Sir.

Examiner Burchmore: Mr. Bowles owns a tap-line somewhere, doesn't he?

Mr. Smythe: Yes, Sir.

Examiner Burchmore: I thought I remembered the name.

Mr. Smythe: He may own a tap-line somewhere, but not in that vicinity.

Examiner Burchmore: What is the length of the haul that 3402 the New Orleans, Natalbary & Natchez has on the lumber of the Natalbary Lumber Company?

Mr. Smythe: About a mile.

Examiner Burchmore: One mile in the case of the two mills at Mason?

Mr. Smythe: Yes, Sir.

Examiner Burchmore: How many feet in the case of the mill at Natalbany?

Mr. Smythe: About fifteen hundred, or two thousand.

Examiner Burchmore: Well, how much of that fifteen hundred feet is within the plant or the yard of the mill?

Mr. Smythe: It is all in the yard, in order to deliver the cars so that the I. C. engines can get them.

Examiner Burchmore: That is all.

Mr. Brady: I might suggest that he understands about the division of rates.

Examiner Burchmore: What is the general territory in which

most of the lumber from this district is sold?

Mr. Brady: I don't think he knows about that. He only knows this, he knows about the charges between the railroad company and the lumber company, because he contracts for the railroad 3403 company with the Natalbany Lumber Company with refer-

ence to moving the lumber.

Examiner Burchmore: Most of the lumber goes to Chicago?

Mr. Smythe: You had better take the books, they are more satisfactory.

Examiner Burchmore: Do you know the rates to Chicago?

Mr. Smythe: In general, yes, Sir. You had better take the books, because they can answer better than I can.

Examiner Burchmore: You stated that the railroad company received three cents per hundred pounds for moving the lumber into the mill.

Mr. Smythe: For moving the logs into the mill, yes, Sir.

Examiner Burchmore: What does it receive for moving the lumber out of the mill?

Mr. Smythe: Two cents on the lumber that goes into the territory upon which the division is.

Examiner Burchmore: There is some lumber upon which it receives nothing?

Mr. Smythe: Practically.

Examiner Burchmore: Is there any lumber upon which it receives more than two cents?

Mr. Smythe: Not to my knowledge.

Examiner Burchmore: Two cents, then, is the usual division on the lumber.

Mr. Smythe: Yes, Sir.

Examiner Burchmore: Does the Natalbany Lumber Company own any other private railroad in this vicinity?

Mr. Smythe: No, Sir; not to my knowledge, Sir.

Examiner Burchmore: It doesn't own any private railroad running out of Natalbany?

Mr. Smythe: No. Sir.

Examiner Burchmore: By private railroad, I do not intend to refer to an incorporated tap-line.

Mr. Smythe: No, I know.

Examiner Burchmore: It is ostensibly a common carrier. This Company has joint through rates on lumber with the Illinois Central?

Mr. Smythe: I understand so.

Examiner Burchmore: Are you familiar with these rates?

Mr. Smythe: No, Sir.

Mr. Brady: We have another witness. You see, it is a different

department.

Mr. Brady: Now, Mr. Smythe, I want to ask you one question: Does the railway company unload the logs into the pond in the lumber company?

3405 Mr. Smythe: Yes. Sir.

Mr. Brady: Is there any charge made for that?

Mr. Smythe: Yes, Sir.

Mr. Brady: What is that charge?

Mr. Smythe: It costs us—we have a contract for unloading them in there, and it costs us twelve and a half cents a car to unload the cars.

Examiner Burchmore: Twelve cents and a half to unload the logs where?

Mr. Smythe: In the pond at Natalbany.

Mr. Brady: That is the charge for that particular work?

Mr. Smythe: Yes, Sir.

Mr. Brady: It is not done for nothing, then? Mr. Smythe: No, Sir; that is the charge.

Mr. Brady: Mr. Smythe, you were asked something about the roadbed a few minutes ago. I will ask you to be a little more definite. Is it such a roadbed as would carry the tonnage of a regular railroad?

Mr. Smythe: Yes, Sir.

Mr. Brady: What about your bridges and your fills, etc., is it standard construction?

Mr. Smythe: Yes, Sir.

Mr. Brady: Do you know what is the purpose of the road 3406 with reference to being extended?

Mr. Smythe: Yes, sir. Mr. Brady: To what point—Do you know whether the

Board of Directors of the road have taken any steps looking toward the amendment of the charter so as to reach some railroad connection?

Mr. Smythe: I know that is the purpose of the Board of Direc-

Examiner Burchmore: If you will state that purpose very briefly

we will accept your statement.

Mr. Brady: The Board of Directors of the railroad company this year passed a resolution whereby the charter was authorized to be amended so as to extend the road from its present western terminus to Baton Rouge, Louisiana, there of course to form a river and railroad connection. I might state something with reference to this territory if you wish.

Examiner Burchmore: I understand there is other lumber in

that territory.

Mr. Brady: Yes, Sir; there is other lumber there. It is the purpose of the railroad company to build into Baton Rouge from its main line, and to develop a territory now undeveloped by 3407

railroad companies.

Examiner Burchmore: It seems to be going in the wrong

direction for Baton Rouge. Mr. Brady: Yes, Sir; but that is the purpose of it, Mr. Smythe

will indicate to you. Mr. Brady: Mr. Smythe, I will ask you whether we have made any survey, or not?

Mr. Smythe: Yes, Sir.

Examiner Burchmore: Does the Natalbany Lumber Company own any timber in the direction of the surveys?

Mr. Brady: I don't know about that; I think they own some. Mr. Smythe: They own possibly ten or twelve miles in the direction of that road.

Examiner Burchmore: Have they bought any timber in that

direction?

Mr. Smythe: No, Sir. Mr. Brady: What is the nature and character of the territory, Mr. Smythe, between the terminus and Baton Rouge, through which you propose to extend this line, with reference to being good farming territory, or otherwise?

Mr. Smythe: I can only say honestly that it is one of the finest

agricultural prospects I have ever seen in Louisiana.

Mr. Brady: What about stores along your right of way, 3408 mercantile establishments and corporations?

Mr. Smythe: Oh, there are several.

Mr. Brady: Do you carry freight for these?

Mr. Smythe: Yes, Sir; we are the only common carrier in that part of the country.

Mr. Brady: What is the population of those little towns along

the right of way?

Mr. Smythe: Such as? Mr. Brady: Well, such as Little River, and others.

Mr. Smythe: Well, taking first Woodhaven is a little flag-station. It is surrounded by a good farming country; but, of course, the population right at Woodhaven is not great, but there are a good many people living in the vicinity.

Mr. Brady: Who handles that freight, that product?

Mr. Smythe: We do.

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Mr. Brady: Take Little River, what is the condition?

Mr. Smythe: Little River is very small, except there is a mill at Little River.

Mr. Brady: Who handles that freight?

Mr. Smythe: The N. O. N. & N.

Mr. Brady: Johnson?

Mr. Smythe: Johnson is simply a little flag-station; there are a few farmers there.

Mr. Brady: Georgeville?

Mr. Smythe: Nothing but a flag-station.

Mr. Brady: Montpelier?

Mr. Smythe: Montpelier is a little town on the site of an old County Seat.

Mr. Brady: How many people?

Mr. Smythe: Six or seven hundred, probably.

Mr. Brady: Storey?

Mr. Smythe: Storey is a flag-station and a camp.

Mr. Brady: How about the farming country around Montpelier?

Mr. Smythe: Good. A mile and a half East of Montpelier is the Tickfaw River, and the Tickfaw River Bottoms have been known to be as fertile a river bottom as any in the country.

Mr. Brady: Does this railroad furnish shipping facilities for that territory?

Mr. Smythe: There is no other way.

Mr. Brady: How far North before you reach the territory of another railroad?

Mr. Smythe: About eight or nine miles.

Mr. Brady: How far South?

Mr. Smythe: About the same distance.

Examiner Burchmore: Do those farmers consume all they raise, or ship some?

Mr. Smythe: They ship a certain proportion.

Mr. Brady: State the character of merchandise shipped, or the

freight shipped.

3410

Mr. Smythe: Well, from that section this year the shipment is light, for the reason that that was a cotton growing country, and, of course, as everybody knows in this country, the boll-weevil has given that country a drubbing like most every other place, and they are going in the corn business.

Examiner Burchmore: This line of questions may be followed up by the request that you file a statement of your tonnage for the fiscal year ending June 30th, 1910, similar to the statement that I

requested last night from the other companies.

Mr. Brady: In connection with Mr. Smythe's testimony, we of-

Examiner Burchmore: Please do not file any tariffs al-3411 ready filed with the Commission. We will get that a little later. You may file, Mr. Brady, the Time Table and any tariffs which this company has, that are not filed with the Commission.

Mr. Brady: I will ask permission later to ascertain what has been filed and what has not, and to forward to you that which has

not.

Examiner Burchmore: It may be done.

Mr. Brady: I ask, not to file, but in this connection to refer Mr. Smythe's testimony to the annual reports made. I want to connect his testimony by reference to those reports. I believe you declined to let us file it?

Examiner Burchmore: Well, you have filed your annual reports.

Mr. Brady: Yes, Sir; but in order to make the testimony clear
here, we want Mr. Smythe's testimony to refer to the reports.

Examiner Burchmore: Will you also file a map as I requested

last night?

Mr. Brady: Yes, Sir; we have a tracing here, and tender for your inspection the tracing.

Examiner Burchmore: Is it a large document?

3412 Mr. Brady: It is pretty large.

Examiner Burchmore: We would prefer small maps; the stenographer has a trunk full already.

Mr. Brady: We also offer the charter, showing the intents and

purposes.

Examiner Burchmore: That is the charter of the railroad as a common carrier under the laws of Louisiana?

Mr. Brady: Of Louisiana.

Examiner Burchmore: Well, it need not be filed.

Mr. Brady: I will ask you, Mr. Smythe, whether this railroad has been adjudged by the courts of Louisiana and by the orders of the Railroad Commission of the State of Louisiana, a common carrier?

Mr. Smythe: Yes, Sir.

Mr. Brady: I will ask you whether or not you make reports to the Railroad Commission of the State of Louisiana and comply with their orders?

Mr. Smythe: Yes, Sir; in every instance.

Examiner Burchmore: What is the basis on which you pay taxes in Louisiana, do you know?

Mr. Smythe: No, sir.

Mr. Brady: Exempt from taxation, like all others?

3413 Robert Steinbock was called as a witness, and having been duly sworn, testified as follows:

Examiner Burchmore: What is the total capital stock of the New Orleans, Natalbany & Natchez Railway Company?

Mr. Steinbock: There is three hundred thousand dollars. Examiner Burchmore: How much has been issued?

Mr. Steinbock: Fifteen hundred and fifty shares, one hundred and fifty-five thousand dollars.

Examiner Burchmore: Was that stock issued for cash?

Mr. Steinbock: Yes, Sir.

Examiner Burchmore: Cash was paid in for it?

Mr. Steinbock: Yes, Sir.

Examiner Burchmore: That cash was used to purchase the railroad from its prior owners?

Mr. Steinbock: It was used for the construction of the road.

Examiner Burchmore: That entire capital stock is owned by the stockholders of the Natalbany Lumber Company in proportion to their holdings in the lumber company, with the exception of four shares?

Mr. Steinbock: Yes, Sir.

Examiner Burchmore: In whose hands are those four

3414 shares?

Mr. Steinbock: Those four shares are,-Mr. Brady has one share, Mr. Smythe one share, Mr. Davis has one share, Mr. Richardson has one share.

Examiner Burchmore: Those gentlemen are all officers

stockholders in the lumber company?

Mr. Steinbock: They are not.

Examiner Burchmore: Are any of them officers in the lumber company?

Mr. Steinbock: They are not.

Examiner Burchmore: Have they any connection with the lumber company?

Mr. Steinbock: They hold positions with the lumber company. Examiner Burchmore: Employees of the lumber company?

Mr. Steinbock: Employees, yes, Sir.

Examiner Burchmore: Are those not directors' qualifying shares?

Mr. Brady: I don't exactly catch your meaning. These four? Examiner Burchmore: These four shares.

Mr. Brady: I don't think there is one of us that has a thing to do with the Natalbany Lumber Company.

Examiner Burchmore: How long have those four shares 3415 been outstanding in those names?

Mr. Steinbock: They were issued in 1908. Examiner Burchmore: To these four men?

Mr. Steinbock: Yes. Sir.

Examiner Burchmore: For cash?

Mr. Steinbock: Yes.

Examiner Burchmore: Are those four men directors of the railroad company?

Mr. Steinbock: They are.

Examiner Burchmore: All of them? Mr. Steinbock: All four, yes, Sir.

Examiner Burchmore: How long have they been directors of the company?

Mr. Steinbock: Since January 25, 1910.

Examiner Burchmore: When was this railroad incorporated? Mr. Steinbock: June 4, 1902.—I should have said January 4. 1902

Examiner Burchmore: Is this railroad a paying proposition?

Mr. Steinbock: It is.

Examiner Burchmore: What dividends has it paid?

Mr Steinbock: None.

Examiner Burchmore: It has paid no dividends? 3416 Mr. Steinbock: No dividends.

Examiner Burchmore: Has it accumulated a surplus?

Mr. Steinbock: It has.
Examiner Burchmore: What is the extent of that surplus?

Mr. Steinbock: Seventy-three thousand, nine hundred and fourteen dollars.

Examiner Burchmore: Seventy-three thousand, nine hundred

and fourteen dollars?

Mr. Steinbock: Yes. Sir.

Examiner Burchmore: About fifty per cent of its capitalization?

Mr. Steinbock: Yes, Sir.

Examiner Burchmore: How many years has it required to accumulate this surplus?

Mr. Steinbock: Well, this surplus was acquired in the last three

vears.

Examiner Burchmore: Is there any bonded indebtedness?

Mr. Steinbock: No bonded indebtedness.

Examiner Burchmore: Any other indebtedness aside from current liabilities?

Mr. Steinbock: No, Sir. Examiner Burchmore: Who owns the right of way upon 3417 which the railroad is run?

Mr. Steinbock: The railroad company.

Examiner Burchmore: Purchased outright?

Mr. Steinbock: Yes. Sir.

Examiner Burchmore: Any of it acquired through condemnation proceedings?

Mr. Steinbock: Yes, Sir; but I don't know how much.

Examiner Burchmore: And was the price of that portion purchased through condemnation proceedings the same as the price of the portion purchased outright

Mr. Steinbock: I couldn't say,

Examiner Burchmore: Can you inform me what employés there are in the general office of the railroad company?

Mr. Steinbock: Two.

Examiner Burchmore: Who are they?

Mr. Steinbock: The Auditor and the Chief Clerk.

Examiner Burchmore: Do these employés receive compensation also from the lumber company?

Mr. Steinbock: Yes, Sir.

Examiner Burchmore: Also from the railroad company?

Mr. Steinbock: One of them does. 3418 Examiner Burchmore: Which one? Mr. Steinbock: The Auditor.

Examiner Burchmore: Who is the Auditor?

Mr. Steinbock: I am the auditor.

Examiner Burchmore: Is the major portion of your salary paid by the railroad company?

Mr. Steinbock: No. Sir; by the railroad company.

Examiner Burchmore: What proportion of your salary is paid by the railroad company?

Mr. Steinbock: Forty per cent.

Examiner Burchmore: You render forty per cent of your time for the railroad company?

Mr. Steinbock: Yes, I guess so.

Examiner Burchmore: Are the officers of the railroad company compensated by the railroad company?

Mr. Steinbock: They are not.

Examiner Burchmore: Has any portion of the net earnings from operation been expended on additions and betterments during the past several years; in other words, does the railroad company use a portion of its profits from operation in improving its line?

Mr. Steinbock: Yes, Sir.

3419 Examiner Burchmore: Give me some further information in that connection, if you can.

Mr. Steinbock: Do I understand if they made any improvements?

Examiner Burchmore: Have they paid for any improvements to the line from the profits of operation?

Mr. Steinbock: From the surplus account, you mean?

Examiner Burchmore: Yes. Mr. Steinbock: No. Sir.

Examiner Burchmore: Not from the present surplus account, but from the funds which would have gone to the surplus account.

Mr. Gutheim: You said you had a present surplus of seventythree thousand, nine hundred and fourteen dollars, which has not been divided but kept in the business. Is that not offset by the cost of road equipment account?

Mr. Steinbock: Yes, Sir.

Mr. Gutheim: At the present time, then, your cost of road and equipment would amount to approximately two hundred and thirty thousand dollars?

Mr. Steinbock: More than that.

Examiner Burchmore: Then you have a large surplus in the treasury in the form of cash?

Mr. Steinbock: No, Sir.

Mr. Brady: I would like to ask permission to file with the Examiner a copy of the resolution of the Doard of Directors, passed the early part of this year, authorizing an amendment to the charter.

Examiner Burchmore: Such a resolution was passed?

Mr. Brady: Oh, yes, Sir.

Examiner Burchmore: Well, I don't care to see it, if you say it was passed.

Examiner Burchmore: When was this railroad constructed?

1388

Mr. Brady: I will have to put somebody else on the stand for that, because he came in after. Examiner Burchmore: Is the cash of the railroad company min-

gled with the funds of the lumber company?

Mr. Steinbock: No. Sir.

Examiner Burchmore: Kept separately?

Mr. Steinbock: Kept separately. Examiner Burchmore: In the bank? Mr. Steinbock: In the bank, yes, Sir.

Examiner Burchmore: How do you collect charges from the lum-

ber company?

Mr. Steinbock: We make an entry on our books, passing 3421 from one account to the other.

Examiner Burchmore: Well, does a check pass to cover the entry?

Mr. Steinbock: No, Sir; just a journal entry.

Examiner Burchmore: Well, then, there is all one bank account

for the two companies?

Mr. Steinbock: No, the railroad company owes the Natalbany Lumber Company an open account, and we credit up the amount of their freight to this account. In other words, we are reducing the open account of the Natalbany Lumber Company.

Examiner Burchmore: What is that open account?

Mr. Steinbock: It represents moneys advanced to the railroad

Examiner Burchmore: For what purpose? Mr. Steinbock: Buying different things.

Examiner Burchmore: On construction account? Mr. Steinbock: Some on construction account.

Examiner Burchmore: What has been the total cost of construction of the road to date?

Mr. Steinbock: \$297,298.72.

3422 Examiner Burchmore: That includes equipment?

Mr. Steinbock: Yes, Sir.

Examiner Burchmore: You say they have a bank account for the railroad?

Mr. Steinbock: Yes, sir.

Examiner Burchmore: That bank account covers only transactions with the lumber company, does it not?

Mr. Steinbock: Yes, Sir.

Examiner Burchmore: So far as the lumber company is concerned, the money transactions are purely of a book-keeping character?

Mr. Steinbock: Book-keeping character.

Examiner Burchmore: I asked you if there was any indebtedness, other than bonded indebtedness, other than current liabilities, and I understood you to say there was not. How about this amount you owe the lumber company?

Mr. Steinbock: Yes, Sir; the company does owe that. Examiner Burchmore: Do you pay interest on that?

Mr. Steinbock: Yes, Sir.

Examiner Burchmore: At what rate?

Mr. Steinbock: Five and a half per cent.

Examiner Burchmore: What is the customary rate of in-

3423 terest on loans of that magnitude in this vicinity?

Mr. Steinbock: I think it is about that much.

Mr. Brady: The legal rate is five per cent.

Mr. Brady: This indebtedness to the lumber company by the railroad company, was because of money loaned to the railroad company that the railroad company used in the construction of its roadbed?

Mr. Steinbock: Yes, Sir.

Mr. Brady: And buying equipment?

Mr. Steinbock: Yes, Sir.

Mr. Brady: Is that being reduced?

Mr. Steinbock: It is.

Mr. Brady: That indebtedness is being reduced.

Mr. Steinbock: Yes, Sir.

3424 O. L. Benway was called as a witness, and having been duly sworn, testifled as follows:

Examiner Burchmore: Are you an officer of this railroad company?

Mr. Benway: I am Secretary and Treasurer.

Examiner Burchmore: Are you an officer of the Lumber Company?

Mr. Benway: I am Secretary of the lumber company. Examiner Burchmore: Who owns this lumber company?

Mr. Benway: It is owned principally by the Dinkman family. Examiner Burchmore: Do the Dinkman interests own any other lumber company?

Mr. Benway: They do.

Examiner Burchmore: You are a witness in the other cases?

Mr. Benway: I was called.

Mr. Brady: Mr. Benway, what distance is it that the N. O. N. & N. Railroad carries or ships the lumber of the Natalbany Lumber Company?

Mr. Benway: They carry it from half a mile to a mile, I would

say.

Mr. Brady: What remuneration is paid it for that service?

Mr. Benway: They get three cents for hauling the logs into the mills, and that includes the switching and handling of the lumber to the Illinois Central when it is shipped out.

Mr. Brady: What else does it get for that service?

Mr. Benway: It gets a two cent division from the Illinois Central for lumber going into a certain territory, the Central Freight

Association. I think it is designated.

Mr. Brady: State whether or not there is an agreement or understanding that this division that it gets is in payment of the service that it renders in the moving of the lumber of this company to the tracks of the Illinois Central?

Mr. Benway: It is.

Examiner Burchmore: I don't quite understand that.

Mr. Brady: Well, I will make a statement that will give it to

This railroad company pulls these logs as other railroad companies do, but charges no switching charge for switching the lumber from the lumber company's plants to the Illinois Central Railroad, being paid for this service by the division of rate which it gets,

Examiner Burchmore: The two cent division of rate on certain lumber is intended to cover the cost of switching all lumber

to the junction?

Mr. Brady: That is my understanding. In other words, handling their business exactly like all the other lumber companies. Examiner Burchmore: In other words, you say it is worth a cent

and a half to switch the lumber, and instead of paying that amount on all lumber, the Illinois Central pays two cents on certain lumber?

Mr. Brady: You could call it that. However, that division does not go entirely to them, for the reason that it has the same arrangement that other lumber companies have with reference to the logs going into the woods.

Mr. Brady: I will ask you to state how the logs are handled,

how they are billed.

Mr. Benway: The billing is made out once a month, covering the logs which have been brought in for that month, charging the lumber company three cents per hundred pounds. That includes delivering the logs in the pond.

Examiner Burchmore: That twelve and a half cents that was

referred to is then included in the three cents per hundred

pounds?

Mr. Benway: That is my understanding. Mr. Smythe 3427 didn't exactly understand that. The railroad company delivers the logs into the pond.

Examiner Burchmore: Is that three cents subsequently credited

in any form on the outbound rates?

Mr. Benway: If I understand it, I say No. I understand your question. No, it is not credited on the outbound rates.

Examiner Burchmore: Pine Grove is the junction between one

of these private tram-lines and the railroad?

Mr. Benway: Yes, Sir.

Examiner Burchmore: Are their joint through rates published

from Pine Grove to C. I. A. territory?

Mr. Benway: Well, our line has recently been extended to Pine Grove. To answer your question, taking Montpelier, for example, it has with reference to Montpelier. And I might add, in pulling these logs, they come in to the main line from different points, and they are all billed from Montpelier.

Examiner Burchmore: That is when lumber is moved out for inter-state destinations, it is billed as originating from Mont-

pelier?

3428 Mr. Benway: No, Sir; it is billed from Natalbany. You asked the question some time back, who issued the bills of lading? The Natalbany Lumber Company make out the bills of lading and this lumber is delivered to the Illinois Central by the N. O. N. & N. trains.

Examiner Burchmore: What rate does the Illinois Central charge on these shipments?

Mr. Benway: Their regular tariff rates, out of which we get

two cents for certain territory.

Examiner Burchmore: That is, they charge two cents from Natalbany and don't show your railroad as participating in the movement, so far as the bill of lading is concerned?

Mr. Benway: No, Sir; this Illinois Central tariff, as brought out in the other case last night, provides for lumber brought in over the

N. O. N. & N.

Examiner Burchmore: You were present last night in the case of the Natchez, Columbia & Mobile?

Mr. Benway: ----

Examiner Burchmore: The practice is similar?

Mr. Benway: Yes, Sir.

Examiner Burchmore: And the rates.

Mr. Benway: Yes, Sir.

3429 Examiner Burchmore: And the refund is made at the end of a stated period, of two cents?

Mr. Benway: For lumber that goes in a certain district, yes, Sir. Mr. Brady: There is no difference in the method of handling the lumber by the two companies, except that there is no switching charge made.

Examiner Burchmore: What is the rate in cents per one hundred pounds, from Montpelier as compared with the rate from Natal-

bany?

Mr. Benway: Two cents higher.

Examiner Burchmore: So the total earnings of the New Orleans, Natalbany & Natchez Railway Company are four cents?

Mr. Benway: From lumber that is moved off of their railroad.

Examiner Burchmore: Now, is this three cents that is collected on the inbound movement of logs, credited in any shape?

Mr. Benway: No, Sir; it is not.

Examiner Burchmore: Well, then, how much does this lumber company have to pay to get its logs into the mill and lumber out of the mill?

3430 Mr. Benway: It pays three cents to get the logs in, that

is all.

Examiner Burchmore: Three cents to get the logs in, and then what rate of freight?

Mr. Benway: And they pay the regular Illinois Central rate of freight, and the two cents comes back to the railroad company.

Examiner Burchmore: From Montpelier it is twenty-six cents to

Chicago.

Mr. Benway: The lumber company pays three cents for its logs into the mill.

Examiner Burchmore: And subsequently pays twenty-four cents to the Illinois Central?

Mr. Benway: For the lumber that goes out.

Examiner Burchmore: Now, disregarding the question of the cost of logs, and looking at the matter as if the lumber was the

same and there was no waste, they would pay three cents in and twenty-four cents out, a total of twenty-seven cents.

Mr. Benway: That is right.

Examiner Burchmore: That three cents would not be credited

against the total of twenty-seven cents?

3431 Mr. Benway: No, Sir. I might add that that covers the extra service the N. O. N. & N. renders in switching the lumber and delivering it to the Illinois Central.

Examiner Burchmore: It has to pay twenty-seven cents, whereas

the through rate from Montpelier is twenty-six cents?

Mr. Benway: Yes, Sir.

Examiner Burchmore: The extra cent-

Mr. Benway: That covers the work that they do in handling the lumber from the mill. However, it is the intention that every

one pays the same.

Examiner Burchmore: I understand. Now, of that twenty-seven cents, the N. O. N. & N. receives in the first instance three cents for the logs; later it receives two cents from the Illinois Central, making five cents. The Illinois Central receives in the end twenty-two cents?

Mr. Benway: Yes, Sir.

Examiner Burchmore: Which is two cents less than its standard rate from Natalbany?

Mr. Benway: Yes, Sir.

Mr. Gutheim: As a matter of fact, this rate of three cents per hundred pounds is not a rate that is actually based on a 3432 tariff, but is a rate of one dollar per thousand feet on the logs, between the lumber company and the railroad, is it not?

Mr. Benway: No, it is based on the three cents per hundred

pounds.

Mr. Gutheim: Our reports as to your company show that the arrangement between the lumber company and the railroad is on the basis of one-fifty per thousand feet to the pond, and that the logs are scaled when they go from the pond into the mill, and that the entire financial transaction is based on that final scaling.

Mr. Benway: It is evidently an old report that you have reference to. It was changed about a year ago to the arrangement to

which I now refer.

Mr. Gutheim: So that at the present time you are actually paying three cents per hundred pounds?

Mr. Benway: Three cents per hundred pounds.

Mr. Gutheim: Is that on actual weight?

Mr. Benway: It was averaged. A number of cars were actually weighed to get an average, and now it is an estimated weight based on that weighing.

Mr. Gutheim: What is the estimated weight?

3433 Mr. Benway: The estimated weight is ten thousand pounds.

Mr. Brady: This rate that you speak of that the Illinois Central charges from Natalbany, is a blanket rate and covers the point of shipment along your line of railroad?

Mr. Benway: Well, no; the stations are named on our road.

Mr. Brady: I understand that, but it applies to the different stations.

Mr. Benway: Yes, Sir.

Mr. Brady: The Illinois Central publishes your tariff? Mr. Benway: It publishes a tariff in which we concur.

Mr. Brady: It shows your rate?

Mr. Benway: Yes, Sir.

Mr. Brady: And shows the manner in which the lumber is shipped?

Mr. Benway: It does.

Examiner Burchmore: Are the joint class rates in effect over your road?

Mr. Benway: Including other commodities, yes, Sir.

Examiner Burchmore: What are your divisions on those rates?

Mr. Benway: I would have to refer to our tariff.

Examiner Burchmore: Are your tariff sheets on file with 3434 the Commission?

Mr. Benway: I think they are.

Examiner Burchmore: They are not customarily filed, you understand?

Mr. Benway: Pardon me, I will ask our Auditor. They are on file, are they not?

Mr. Steinbock: Yes, Sir.

Mr. Benway: They are on file.

Examiner Burchmore: I don't think they are on file, unless you sent them in answer to a special request.

Mr. Brady: They are not on file, and I would ask permission to

file them in connection with Mr. Benway's testimony.

Mr. Benway: I think they were sent in within the last two or three months.

Examiner Burchmore: Can you inform us with reference to the traffic of the road at all?

Mr. Benway: To some extent.

Examiner Burchmore: In a general way, about what proportion of the traffic is furnished by the Natalbany Lumber Company?

Mr. Benway: I can guess at that. I think our Auditor can give you that more correctly. I will make a guess, though, 3435 I will say about eighty per cent.

Examiner Burchmore: Does the lumber company have

any commissaries along the line? Mr. Benway: It has, yes, Sir.

Examiner Burchmore: Do you include the merchandise sent to

these commissaries in that eighty per cent?

Mr. Benway: No. In fact, the principal commissary is on the Illinois Central and not on our road. The commissary is right on the side of the Illinois Central, the principal commissary. In further answer to your question, I might add, there are numerous small stores along our line.

Examiner Burchmore: I wish in preparing the statement of traffic, which should be given in tons and in dollars as well, that you

would indicate what proportion of the merchandise was handled on account of the lumber company. For example, if any shipments of machinery went into the mill, we want that shown as lumber company traffic and not miscellaneous traffic.

Mr. Benway: I think we have that here.

Mr. Brady: We will furnish it to you just like the books show.

Examiner Burchmore: Has there been any change in the last year or two in your general practice with respect to the

handling of logs and lumber?

Mr. Benway: I would say No, except we have tried, as we have learned the rules of the Commission, to comply with them a little more fully.

Mr. Brady: With reference to your billing of lumber.

formerly from Mason?

Mr. Benway: Yes, Sir; we formerly billed our lumber from Mason.

Examiner Burchmore: When was that changed? Mr. Benway: The first part of this year, some time.

Examiner Burchmore: What was the reason for that change?

Mr. Benway: It was just thought best.

Examiner Burchmore: This refund arrangement is recent? Mr. Benway: No, Sir; that has been in vogue for several years.

Examiner Burchmore: Done solely as a matter of convenience? Mr. Benway: Yes, Sir; in fact it was formerly billed from Alexandria, although we changed it to this station on our line and found it didn't work as advantageously for us, and then changed it back for convenience.

3437 Examiner Burchmore: In the past year or two, has there been any change in basis of compensation for the movement

of logs into the mill?

Mr. Benway: I think the results are practically the same. formerly did charge so much per thousand, as your record seems to indicate.

Examiner Burchmore: Is the result the same?

Mr. Benway: About the same; it possibly nets the railroad a little

Examiner Burchmore: Have you handled about the same amount of logs during the fiscal year ending June 30, 1910, as you handled

during the preceding fiscal year?

Mr. Benway: We have handled considerably more. We have built another mill. When the railroad was first organized we had one small mill. Now we have one small mill and two large ones.

Examiner Burchmore: What was the reason of this change in the

basis of compensation for hauling the logs in?

Mr. Benway: The revision of our rates and methods and complying with the Commission's ruling, and taking all things together, it was thought better to change the basis.

Examiner Burchmore: Was it considered that the previous

method was at all irregular, or anything of that kind? 3438

Mr. Benway: No, Sir, not that it was irregular, we thought that the present method was more regular.

Examiner Burchmore: Both were regular, but the present was more regular.

Mr. Benway: Yes, sir; that is hardly good grammar, but that is

about what I mean.

Examiner Burchmore: When was this railroad first constructed?

Mr. Benway: As my memory serves me, in 1902.

Examiner Burchmore: Was it constructed about the same time that the first mill of the lumber company was opened?

Mr. Benway: No, Sir; the present company bought the railroad.

Mr. Brady: What do you mean by "the present company bought the railroad"?

Mr. Benway: The present stockholders of the railroad company

bought it after it had been built.

Mr. Brady: There is no one here that knows anything about that better than myself. I represented the Dinkman interests in the purchase of this plant and in the purchase of this railroad. The railroad stock was purchased and the lumber company stock was purchased, and each assigned the stock to particular per-

sons.

Examiner Burchmore: Of course there were certain legal steps, but wasn't the purpose the purchase by the Dinkmans of the lumber

and mill and everything?

Mr. Brady: Well, the Dinkmans were in the North and the matter was placed in my hands, and in the hands of another man, who is not here, and I cannot get him, and the idea was that the railroad was worth a certain sum of money, that is the stock of it, and the stock of the lumber company was worth a certain amount of money, and then a certain amount of money was paid over to the original stockholders of these companies, and a certain proportion went for the purchase of the stock of the railroad company, and a certain proportion went for the purchase of the stock of the stock of the lumber company.

Examiner Burchmore: But there had previously been an identity between the former owners of the railroad company and the former

owners of the lumber company?

Mr. Brady: I don't know.

Examiner Burchmore: I think the substance of it was that the Dinkman interests bought this whole railroad and timber

3440 as one enterprise. It looks that way, in substance.

Mr. Brady: Well, in substance you might state that, and yet we went into detail. The question of how much rolling stock and how many engines, and all that, and what this railroad was worth, and whether or not they would pay a certain sum for it, and they would not buy one without buying the other.

Examiner Burchmore: Mr. Dinkman bought the railroad, not as a railroad alone, but because he had other interests there at the

same time?

Mr. Brady: It is fair to say that in the purchase, the railroad prospect, the ability to build into Baton Rouge and to connect with the Mississippi River and the local traffic, was all taken into considera-

tion and urged on Mr. Easterling, I believe, who represented the purchasers with me.

Examiner Burchmore: Has this company any contract with the Illinois Central Railroad Company of any kind, except division sheets and tariffs?

Mr. Benway: No, Sir; there is this understanding, their two cent

rate.

Examiner Burchmore: There is no written contract?

Mr. Benway: No, Sir; there is no written contract.

3441 Examiner Burchmore: You don't have any trackage agreements?

Mr. Benway: No, Sir.

Examiner Burchmore: You heard Mr. Smythe and Mr. Steinbock testify with respect to this company. Are there any corrections that you think ought to be made in their testimony?

Mr. Benway: I don't think of any that has not been made.

Mr. Brady: You spoke a moment ago of a contract with reference to the division of rates. It is just simply what is shown in the record?

Mr. Benway: Yes, Sir. There was one point, excuse me. It was stated that the lumber and staves were the principal industries along the line; that was partly correct. There is, however, these numerous stores, and there is considerable merchandise shipped to these stores during the course of the year.

Examiner Burchmore: How many carloads a year?

Mr. Benway: I think our records will show there are many carloads.

Examiner Burchmore: Not over five thousand pounds per annum.

3442 Mr. Benway: I wouldn't think so.

Examiner Burchmore: Well, your tonnage statements already filed, and to be filed, will show that?

Mr. Benway: Yes, Sir.

Mr. Brady: Mr. Benway, who is it that receives salaries from the

railroad company?

Mr. Benway: It has its local men, first, along its line; in its general office it has its accountant and chief clerk, the accountant paid entirely by the railroad company, and our auditor's salary is divided between the lumber company and the railroad company.

Mr. Brady: Mr. Smythe is General Manager? Mr. Benway: Mr. Smythe is General Manager. Examiner Burchmore: He receives a salary?

Mr. Benway: He receives a salary from the railroad.

Examiner Burchmore: That makes three?

Mr. Benway: Yes, Sir.

Mr. Brady: I will ask you if any other officers of the railroad company render any material services?

Mr. Benway: There are others who render services, and, I might say, that we do interchange forces.

Mr. Brady: Are they paid?

Mr. Benway: We mean to have them paid in proportion to the services rendered to the different companies,

Examiner Burchmore: Does the General Manager draw a salary from the lumber company?

Mr. Benway: He draws a salary from the lumber company.

Examiner Burchmore: From both companies?

Mr. Benway: From both companies.

Examiner Burchmore: What is his salary from the railroad company?

Mr. Benway: For that, and another road that will be brought out, one hundred and fifty dollars per month.

Examiner Burchmore: Is that seventy-five dollars for this road?

Mr. Benway: About a hundred dollars for this road.

Examiner Burchmore: Does he render that amount of service to this road?

Mr. Benway: He does.

Mr. Brady: I will ask you whether or not the president renders any material services? It is shown that he does not get any salary.

Mr. Benway: He does render some services, yes, Sir. Mr. Brady: Well, I asked material services.

3444 Mr. Benway: Well, I would say-

Mr. Brady: Does he perform any services at all other than advise?

Mr. Benway: Well, no; in an advisory capacity.

Mr. Brady: Does the president do any more than advise, if he is asked any questions?

Mr. Benway: That is all.

Mr. Brady: And they get no salaries?

Mr. Benway: No, Sir. Mr. Brady: That is the best hearing we are prepared to make. If there is anything further that the Examiner would like, we will be glad to furnish it.

Examiner Burchmore: Any communication that you may address to the Commission containing any additional facts with reference to your road, will be placed on record and accepted for what it may seem to be worth.

Kentwood, Greensburg & Southwestern Railway Company.

Examiner Burchmore: We will now take up the case of the Kent-

wood, Greensburg & Southwestern Railway Company.

Mr. Brady: I will call Mr. O. C. Pantall. Now, let me state what I will show by Mr. Pantall. I expect to show by Mr. Pantall that he represented the purchasers from the old owners and incorporators both of the Kentwood, Greensburg & Southwestern Railroad Company and the Amos Kent Lumber and Brick Company, and that he knows something of the physical condition of the road, its rolling stock, though not at present connected with it.

O. C. Pantall was called as a witness, and having been duly sworn, testified as follows:

Examiner Burchmore: Mr. Pantall, what is you occupation and place of residence?

Mr. Pantall: Hammond, Louisiana.

Examiner Burchmore: What is your occupation?

Mr. Pantall: Lumberman.

Examiner Burchmore: By whom are you employed?

Mr. Pantall: Natalbany Lumber Company.

Examiner Burchmore: Do you receive any salary from the Kentwood, Greensburg & Southwestern Railway Company?

Mr. Pantall: No, Sir. 3446

Examiner Burchmore: Do you receive any salary from the Amos Kent Lumber and Brick Company?

Mr. Pantall: No.

Examiner Burchmore: Are you an employé of the Kentwood. Greensburg & Southwestern Railway?

Mr. Pantall: No. Sir.

Examiner Burchmore: Do you know what the N. T. & J. is?

Mr. Pantall: No. Sir.

Examiner Burchmore: Is there a private tram-road connecting with the Illinois Central at Tangipahoa?

Mr. Pantall: I think there is a small line there, but I am not

familiar with the name.

Examiner Burchmore: The Kentwood, Greensburg & Southwestern Railway connects with the Illinois Central at Kentsmill?

Mr. Pantall: At Kentsmill.

Examiner Burchmore: It has no other railroad connections?

Mr. Pantall: No. Sir.

Examiner Burchmore: Is there any other private tram-road connected with it? Mr. Pantall: None other than the Amos Kent Lumber & Brick

Company.

Examiner Burchmore: They have private trams? 3447

Mr. Pantall: Yes, Sir; logging.

Examiner Burchmore: Do you know the length of this railroad? Mr. Pantall: It is about sixteen miles, I believe.

Examiner Burchmore: Narrow, or standard gauge?

Mr. Pantall: Narrow gauge.

Examiner Burchmore: What is its equipment?

Mr. Pantall: Well, I believe-

Examiner Burchmore: How many locomotives?

Mr. Pantall: Seven, I believe.

Examiner Burchmore: Does it operate any of these locomotives?

Mr. Pantall: It operates four.

Examiner Burchmore: And leases three to the lumber company? Mr. Pantall: Leases three to the lumber company.

Examiner Burchmore: Does it own any passenger cars?

Mr. Pantall: Yes, Sir.

Examiner Burchmore: How many,

Mr. Pantall: Two, I believe, I am not sure; that is, they are home-made passenger cars.

3448 Examiner Burchmore: Freight cars remodelled?

Mr. Pantall: No, not exactly that; they are built something like on the style of the caboose.

Examiner Burchmore: Aside from these passenger cars, has it

any cabooses?

Mr. Pantall: Yes, Sir.

Examiner Burchmore: How many?

Mr. Pantall: Well, I am not prepared to answer that.

Examiner Burchmore: How many freight cars, and what is their character?

Mr. Pantall: Well, they have box cars and regular flat cars. The flat cars are used as logging cars. Now, as to the exact number, I don't know.

Examiner Burchmore: Are those cars all used by the railroad

company?

Mr. Pantall: Yes, Sir.

Examiner Burchmore: They are not leased to the lumber company?

Mr. Pantall: No, Sir.

Examiner Burchmore: They are not used by the lumber company except for the movement of their logs.

Mr. Pantall: That is all.

Examiner Burchmore: I assume that it is admitted that the Kentwood, Greensburg & Southwestern is owned by the

Amos Kent Lumber & Brick Company ?

Mr. Brady: Permit me to make a statement. The stockholders of the Amos Kent Lumber and Brick Company are identical with the stockholders of the Kentwood, Greensburg & Southwestern Railroad Company, except three or four other stockholders than those of the lumber company, who own about nineteen shares of stock in the railroad company. The controlling interest of the railroad company and the lumber company being identical.

Examiner Burchmore: Who are the holders of these nineteen shares of stock? Have they any relation to the lumber company?

Mr. Brady: No, Sir, no relation.

Examiner Burchmore: Did they purchase their stock? Mr. Brady: I will just go ahead and state the reason.

Examiner Burchmore: If you will.

Mr. Brady: Mr. Davis is related to the Dinkman family, and, I suppose, paid for his stock. Mr. Richardson is a stockholder, and while he is not related directly to the Dinkman family, still he is a friend of the family, and the atterney, and the stocker.

a friend of the family, and the attorney, and the stock was placed in friendly hands. That is just about the history of it.

Examiner Burchmore: Legally there may be a complete separation between the two companies, but in a substantial sense, the two companies are identical in interest.

Mr. Brady: Legally they are entirely separate, and separately

managed and controlled, but so far as the financial industry is concerned, it is as you state.

Examiner Burchmore: We are not dealing with technicalities in

this examination.

Mr. Erady: Well, we have to deal, Mr. Examiner, under the laws of Louisiana and Mississippi, very largely in legal technicalities, when you get in the hands of the Commissioners.

Examiner Burchmore: I am not saying what the Commission or the Courts may hold. I will assume that a legal separation is enough.

Mr. Brady: I wanted to assure you that we were not resorting to these technicalities for the purpose of misleading but we do to comply with the law.

Examiner Burchmore: Has the Amos Kent Lumber and Brick

Company more than one mill?

3451 Mr. Pantall: Just one at Kentsmill.

Examiner Burchmore: Is there any private track connect-

ing the Illinois Central with the mill?

Mr. Pantall: You mean the K. G. & S. W. The K. G. & S. W. being a narrow gauge road, have to make the necessary arrangement to transfer their freight to the standard equipment of the I. C. cars, and therefore we have our own cars in there, the K. G. & S. W. have a spur in there for the purpose of transferring.

Examiner Burchmore: Who places the empty cars at the mill?

Mr. Pantall: You mean the I. C.?

Examiner Burchmore: Who places the empty I. C. cars for loading with lumber?

Mr. Pantall: The I. C.

Examiner Burchmore: And the Illinois Central takes them away?

Mr. Pantall: Yes, Sir.

Examiner Burchmore: The track connecting the Illinois Central with the mill being a standard gauge track?

Mr. Pantall: Yes, Sir.

Examiner Burchmore: Is there any brick mill on this line?

Mr. Pantall: There is a brick mill located at Kentsmill, 3452 right at, or near, the saw-mill.

Examiner Burchmore: It is owned by this Brick Company?

Mr. Pantall: The Amos Kent Brick & Lumber Company.

Examiner Burchmore: Do they get the clay for the brick right there at the mill?

Mr. Pantall: Right there at the mill, is my understanding, or a little ways out, you know, practically at the mill.

Examiner Burchmore: Are you competent to testify with reference to the rates and division of rates?

Mr. Pantall: No. Sir.

Examiner Burchmore: Are you competent to testify with respect to the manner of billing logs and lumber?

Mr. Pantall: No, Sir.

Examiner Burchmore: What is the character of this road, is it well constructed?

Mr. Pantall: Very well constructed.

Examiner Burchmore: What is the weight of the rails? Mr. Pantall: Thirty-five, and some forty, I believe. Examiner Burchmore: Are the ties in good condition?

Mr. Pantall: Good condition, yes, Sir.

Examiner Burchmore: The rails securely spiked down? Mr. Pantall: Yes, Sir.

3453 Mr. Pantall: Yes, Sir.

Examiner Burchmore: Who owns the right of way?

Mr. Pantall: I am not prepared to answer that. Examiner Burchmore: Are there any bridges?

Mr. Pantall: Yes, sir.

Examiner Burchmore: Are they substantially built?

Mr. Pantall: Yes, Sir.

Examiner Burchmore: Is it a road that goes up hill and down grade?

Mr. Pantall: Well, it is graded to a certain extent, but it still goes up and down.

Examiner Burchmore: It isn't like that road we had yesterday

that was so rough they couldn't use their couplers?

Mr. Pantall: No, Sir; the road is in very good condition.

Examiner Burchmore: Are there any other mills on the line? Mr. Pantall: Yes, Sir.

Examiner Burchmore: How many, and what are they?

Mr. Pantall: I believe there are four saw mills, about four saw mills.

Examiner Burchmore: Are they of large capacity?

Mr. Pantall: No, Sir; small.

3454 Examiner Burchmore: Where do they get their logs?

Mr. Pantall: They get them from the timber out there in that territory.

Examiner Burchmore: Do they bring them in by tram?

Mr. Pantall: No, Sir, by team, generally.

Examiner Burchmore: How far do they haul them by team?
Mr. Pantall: Well, sometimes a quarter, half, sometimes three miles; different distances.

Examiner Burchmore: Is the expense of teaming very great in

that country?

Mr. Pantall: Well, I should think it would be.

Examiner Burchmore: Have you any idea what the average

cost of teaming logs is to the mill?

Mr. Pantall: Well, it is of course different in different localities, it is all according to the country; it costs all the way from a dollar and a half to three dollars a thousand, just according to the difference in the haul.

Examiner Burchmore: What does it cost to tram logs to the

mill?

Mr. Pantall: Well, now, that depends too; sometimes logs can be trammed to the mill say from twenty-five cents to a dollar a thou-

sand; it is all according to the amount of stumpage that 3455 stands on the land through which your spur is being built; that is, if you have a great amount of stumpage, you can log a great deal cheaper. Examiner Burchmore: That cost that you gave, twenty-five cents,

does that include the cost of putting the tram there?

Mr. Pantall: In one way it would, too; but the best way to figure is so much a mile for the train, and then get the amount of stumpage that goes to that train and then you can readily see how much.

Examiner Burchmore: Well, a small mill that brings its logs in by team, can hardly compete with the larger mill that has a

tram, can it?

Mr. Pantall: No, Sir.

Examiner Burchmore: How is this lumber that is made by these independent mills along the line transported, it has to be hauled in narrow gauge cars?

Mr. Pantall: Yes, Sir.

Examiner Burchmore: Down to the junction of the Illinois Central?

Mr. Pantall: Down to the junction of the Illinois Central, and then transfered to the standard I. C. cars.

Examiner Burchmore: Who transfers it? 3456 Mr. Pantall: Why, the railroad company.

Examiner Burchmore: The Kentwood, Greensburg &

Southwestern?

Mr. Pantall: Yes, Sir,

Examiner Burchmore: Do they make any charge?

Mr. Pantall: Yes, Sir, there is a tariff.

Mr. Brady: I will say this, that the Railroad Commission of Louisiana has permitted a certain charge for the service.

Examiner Burchmore: What about the Interstate Commerce

Commission?

Mr. Brady: I don't think it is Interstate.

Examiner Burchmore: Do these mills ship lumber outside of the State of Louisiana?

Mr. Pantall: I am not prepared to answer that. My impression

is that they ship most of their lumber South.

Examiner Burchmore: Are those cars and locomotives equipped with couplers and air-brakes?

Mr. Pantall: That is another question I am not prepared to an-

swer.

Mr. Brady: I put him on chiefly to show how the stock was acquired.

Mr. Brady: Mr. Pantall, who was it that originally owned the Amos Kent Lumber and Brick Company stock, and the capital stock of the railroad company?

Mr. Pantall: The Kents and Moberly, and, I believe, another party in Chicago, I don't remember his name, held one share.

Mr. Brady: And some other persons around Kentwood, several persons, didn't they?

Mr. Pantall: Yes, Sir.

Examiner Burchmore: Who was Mr. Kent?

Mr. Brady: He was the man that originally built the mill.

Examiner Burchmore: He is not the Y. & M. V. Superintendent? Mr. Brady: No, Sir.

Mr. Brady: To whom was the stock of this lumber company

sold by the original owners? Who purchased it from the original owners?

Mr. Pantall: We did.

Mr. Brady: Who do you mean by "we," Mr. Pantall?

Mr. Pantall: Why, the Dinkman interests purchased the stock.
Mr. Brady: Who acted in the capacity as their representatives in
the purchase?

Mr. Pantall: You and I.

3458 Mr. Brady: Who purchased the stock of the railroad?

Mr. Pantall: The same people?

Mr. Brady: State whether or not there was an estimate placed upon the value of the railroad at the time it was purchased?

Mr. Pantall: There was.

Mr. Brady: Was it with the two propositions, so far as estimating values are concerned, determining the value of each, were they separate from each other?

Mr. Pantall: Entirely,

Mr. Brady: What consideration was paid by the purchasers for the railroad stock?

Mr. Pantall: We had to pay one hundred thousand dollars.

Mr. Brady: That hundred thousand dollars went to the payment of the stock?

Mr. Pantall: Yes, Sir, of the railroad company, the K. G. & S. W. We bought the stock.

Mr. Brady: You bought the right to the stock?

Mr. Pantall: Yes, Sir.

Mr. Brady: Had the stock in the railroad been paid for by the original subscribers?

Mr. Pantall: Some of it had, and some had not.

3459 Mr. Brady: That that had been paid for, you had assigned.

Mr. Pantall: Yes, Sir.

Mr. Brady: And that that had not been paid for, you paid for by paying the money into the treasury of the railroad company?

Mr. Pantall: Yes, Sir.

Mr. Brady: The stock was afterwards issued?

Mr. Pantall: Yes, Sir.

Mr. Brady: Originally, the stockholders in each of these companies were not the original stockholders?

Mr. Pantall: How is that?

—. The persons who are now stockholders in each of these companies are not the original holders of the stock in these companies? . . Mr. Pantall: No. Sir.

Examiner Burchmore: When was this saw mill of the Amos Kent Lumber & Brick Company established?

Mr. Pantall: You mean the original.

Examiner Burchmore: The original saw mill, yes, Mr. Pantall: Well, I am not prepared to say.

Examiner Burchmore: Years ago?

Mr. Pantall: Yes, a long time.

Examiner Burchmore: When was this railroad first built?

Mr. Pantall: I presume at the time the mill was originally built.

Examiner Burchmore: Is there anyone here who knows that?

Mr. Pantall: I don't know, Sir.

Examiner Burchmore: When was this brick yard established?

Mr. Pantall: At the same time, possibly.

Examiner Burchmore: What is the total capitalization of this railroad?

Mr. Pantall: Well, that I am not prepared to say.

Mr. Brady: What is there at the Eastern terminus of this road, in the way of a town?

Mr. Pantall: Well, there is a town out there by the name of

Frieler.

Mr. Brady: Is there any town or municipal corporation through which the road extends?

Mr. Pantall: Yes, Sir, Greensburg, Mr. Brady: What is Greensburg?

Mr. Pantall: The Parish Seat of that County.

Mr. Brady: State whether or not your road carries mail?

Mr. Pantall: It does.

Mr. Brady: Do you know, Mr. Pantall, whether it is the purpose of the owners of the stock of this railroad company 3461 to have it remain a permanent railroad?

Mr. Pantall: I believe it is, yes, Sir.

Mr. Brady: You stated something about some mills being along the road. Are there any mercantile establishments along the road?

Mr. Pantall: Yes, Sir; some at Freiler and also at Greensburg.

Mr. Pantall: Yes, Sir; some at Freiler and also at Greensburg.
Mr. Brady: What railroad facilities have the people of that
Parish, which is St. Helena Parish, other than this road?

Mr. Pantall: None.

Mr. Brady: Does it carry passengers for that Parish?

Mr. Pantall: It does.

Mr. Brady: It is the outlet, then? Mr. Pantall: Practically the outlet. Mr. Brady: For St. Helena Parish?

Mr. Pantall: Yes, Sir.

Mr. Brady: And has been for how many years?

Mr. Pantall: For a great many years, just how many I cannot say.

Mr. Brady: Don't you know the objective point of this road?

Mr. Pantall: No. Sir.

3462 Mr. Brady: The Western point, I mean?

Mr. Pantall: No.

Mr. Brady: You don't know?

Mr. Pantall: No. Sir.

Mr. Brady: The purpose of the stockholders of this railroad company, as I understand it, is to let it remain a permanent railroad; to connect with the Natalbany,—New Orleans, Natalbany & Natchez Railway, so as to form a connection at Baton Rouge for that section of the country, thereby furnishing railroad facilities to a section and territory of Louisiana that is now without them.

Examiner Burchmore: But this New Orleans, Natalbany & Nat-

chez railroad is aiming towards Baton Rouge, and the Kentwood, Greensburg and Southwestern is apparently aiming at Chicago.

Mr. Brady: I don't know that these maps are correct. They are not actually connected now. I am stating the purpose of the owners. Examiner Burchmore: There is at present a through line of rail-

road to Baton Rouge via Hammond?

Mr. Brady: Yes, Sir; I understand that, but that does not help Greensburg. There is an untouched virgin forest in there not owned by these people.

Examiner Burchmore: That forest will furnish a large amount of logs for these mills?

Mr. Brady: It may do it.

Examiner Burchmore: Has this railroad any stations?

Mr. Pantall: It has.

Examiner Burchmore: At Greensburg?

Mr. Pantall: Yes: Freiler is the name of the station there.

Examiner Burchmore: And what other points? Mr. Pantall: If you will allow me to refer?

Examiner Burchmore: Certainly.

Mr. Pantall: The first station on the line is Kentsmill, flag-sta tion Carpenters-

Mr. Brady: What is at that flag-station?

Mr. Pantall: It is practically a junction point, I believe.

Examiner Burchmore: Junction point for what?

Mr. Pantall: It is possibly where the logs come in, let me see. In this connection, I am not prepared to testify where these stations are and the number of people there.

Examiner Burchmore: You can give us a general idea.

3464 you have been there.

Mr. Pantall: There is Morris Crossing, Youngs, Phillips, Hutchins and Chapman; these are all flag-stations.

Examiner Burchmore: Any buildings there?

Mr. Pantall: At some of those places. Freila, there is a station there with an agent, and that is about all, probably one or two others. Examiner Burchmore: At what points are there agents?

Mr. Pantall: At Freiler and Kentsmill.

Examiner Burchmore: Do you use the Illinois Central Station at Kentsmill?

Mr. Pantall: No. Sir.

Examiner Burchmore: You have a station of your own?

Mr. Pantall: Yes, Sir.

Examiner Burchmore: Is there anything in that station except the agency?

Mr. Pantall: No. Sir.

Examiner Burchmore: What is it that you had in mind that is close by?

Mr. Pantall: Well, the office and the store are in another part of the building. Now along these stations I think there is three or four saw-mills; in fact, the day I was over there I think there was about six carloads of lumber ready to be hauled in to the I. C. 3465

Examiner Burchmore: These are all small mills?

Mr. Pantall: Yes, Sir, small mills.

Examiner Burchmore: Are there any track scales for weighing carload shipments?

Mr. Pantall: I believe not.

Examiner Burchmore: Are there any special facilities for handling less than carload freight, that you recall?

Mr. Pantall: Yes, they have the transfer.

Examiner Burchmore: They have warehouses where it can be stored?

Mr. Pantall: Yes, Sir.

Examiner Burchmore: Can you inform us as to the number of men employed on the road?

Mr. Pantall: No, Sir.

Examiner Burchmore: Do they operate a regular train service?

Mr. Pantall: Yesa, Sir.

Examiner Burchmore: How many trains a day?

Mr. Pantall: I am not prepared to answer.

Examiner Burchmore: They have a time-table?

3466 Mr. Pantall: Yes, Sir.

Mr. Brady: Yes, Sir. In this connection, while I think of it, I submit this same answer, or statement in connection with this railroad, and I offer our time-table.

Examiner Burchmore: And it is understood that you are called upon for the same information, and you have the same rights in this case as in the case just disposed of.

Mr. Brady: Yes, Sir.

Examiner Burchmore: We will so consider it. You will make a similar record in this case,

(The paper so offered and identified was received in evidence and thereupon marked Kentwood, Greensburg & Southwestern Railway. Company Exhibit No. 1, received in evidence December 13, 1910, and is attached hereto.)

Mr. Brady: The main officers of this company, one of them is in Rock Island, and I have to resort to piecemeal testimony.

3467 T. A. Sowell, was called as a witness, and having been duly sworn, testified as follows:

Mr. Brady: He is the book-keeper. With reference to the separation of the lumber company's business and the railroad company's business, I think he will be able to show.

Examiner Burchmore: What is the capital stock of this road? Mr. Sowell: Authorized capital three hundred and fifty thousand.

Examiner Burchmore: And how much has been issued?

Mr. Sowell: One hundred thousand.

Examiner Burchmore: Are there any bonds?

Mr. Sowell: No. Sir.

Examiner Burchmore: Any other indebtedness?

Mr. Sowell: Well, no.

Examiner Burchmore: Just current liabilities?

Mr. Sowell: Just current liabilities.

Examiner Burchmore: This company did not borrow any money from the lumber company?

Mr. Sowell: No; not that I am familiar with.

Examiner Burchmore: Has it paid any dividends on 3468 stock?

Mr. Sowell: No, Sir.

Examiner Burchmore: What surplus has it accumulated, if any? Mr. Sowell: I think it has about twelve thousand dollars.

Examiner Burchmore: How many years has it required to accu-

mulate that surplus?

Mr. Sowell: Well, I couldn't say; I took charge of the books last March, and I haven't gone back.

Examiner Burchmore: About what is the net income this year?

Mr. Sowell: Net income from operating revenue, ten thousand dollars.

Examiner Burchmore: What is the total operating revenue?

Mr. Sowell: Fifty-five thousand, four hundred and ten dollars
and seventy-five cents.

Examiner Burchmore: Has this company been improving its

line and adding any better facilities out of its earnings?

Mr. Sowell: Yes, Sir, spending it back into the road.

Examiner Burchmore: Has it a cash surplus?

Mr. Sowell: No. Sir.

Examiner Burchmore: It keeps its bank account separate from the lumber company?

Mr. Sowell: Yes, Sir.

3469 Examiner Burchmore: How do you collect charges from the lumber company for its traffic?

Mr. Sowell: You mean for its logging account?

Examiner Burchmore: Well, for any service rendered?

Mr. Sowell: We pass it through journal entries; they charge us on their lumber books and we give them credit on ours.

Examiner Burchmore: What do they charge you on their lumber books?

Mr. Sowell: Various things.

Examiner Burchmore: Are the employés of the lumber company actually paid by the paymaster of the lumber company?

Mr. Sowell: Well, they were up to a few months ago, the K. G. &

S. W. began paying their own payroll.

Examiner Burchmore: Does the Amos Kent Lumber Company do the purchasing for the railroad company, as a practical matter?

Mr. Sowell: Well, the same purchasing agent is the purchasing agent for both companies.

Examiner Burchmore: Well, I mean does the lumber company books show any transactions in which the railroad company is interested?

3470 Mr. Sowell: At times, yes, Sir.

Examiner Burchmore: Does the railroad company handle any cash in its transactions with the Amos Kent Lumber Company?

Mr. Sowell: It has. It has paid its auditor in cash sometimes.

Examiner Burchmore: Are you competent to testify with respect to rates and divisions?

Mr. Sowell: No, Sir.

Examiner Burchmore: Are you advised with respect to the bill-

ing

Mr. Sowell: No, Sir. Only the local billing as far as the lumber has been brought out. In regard to the log billing, it is the same as is on the Natalbany Lumber Company, the billing is made once a month.

Mr. Gutheim: On your last report to the Commission for the year ending June 30, 1910, you show as a liability \$47,950.26 on account of audited vouchers and wages. Now, does that represent actually, or approximately, the net indebtedness due by the railroad to the lumber company?

Mr. Sowell: Yes, Sir.

Mr. Gutheim: And that accrues-

3471 Mr. Sowell: Some of them, you know, is vouchers that is due other people beside the lumber company.

Mr. Gutheim: But the great majority is on the account due the lumber company?

Mr. Sowell: The lumber company, yes, Sir.

Mr. Gutheim: And that account accrues on charges on the part of the railroad against the lumber company for freight services, and charges from the lumber company against the railroad for supplies furnished the railroad and for wages paid by the lumber company to the railroad employés?

Mr. Sowell: Yes, sir.

Mr. Gutheim: So it represents in fact the balance due at the end of the fiscal year of the running account between the two companies?

Mr. Sowell: Yes, Sir.

Mr. Gutheim: And on that balance, does the railroad company pay interest to the lumber company?

Mr. Sowell: It has not been, but the question has been raised, and at the close of this fiscal year there will be interest charged.

Mr. Gutheim: As the matter stands, you need practically the entire amount of that open account, plus the capital stock outstanding, to offset your cost of road and equipment?

Mr. Sowell: Yes, Sir.

Mr. Gutheim: So it practically represents expenditures in the property which are in the property itself?

Mr. Sowell: Yes, Sir.

Examiner Burchmore: Do you know when this railroad was constructed?

Mr. Sowell: No, Sir, I don't; only from the record here. Examiner Burchmore: What does the record indicate? Mr. Sowell: They say "Organized January 25, 1906."

Mr. Brady: I can enlighten you a little there. Before the present owners of the stock of the railroad company and the lumber company purchased the stock, the former owners separated the two companies by securing a charter for the lumber company, and by conveying—I mean a charter for the railroad company, the lumber company having already been chartered,—and by conveying to the railroad company the right of way and rolling stock, and in fact the railroad formerly owned by the lumber company. That was done before the present owners acquired the stock.

Examiner Burchmore: Do you know whether this railroad

3473 was built at the same time the mill was opened?

Mr. Brady: My information is this railroad is forty or

fifty years old.

Examiner Burchmore: It was not a common carrier until 1906?

Mr. Brady: It was not a common carrier, but my impression is that it was held by the Courts to be a common carrier.

Examiner Burchmore: Of course, a railroad may be a common carrier and not be owned by a man. Wasn't the lumber mill there

before the railroad was built?

Mr. Brady: I think so. That is my understanding about it,

I think the two commenced to grow together.

Examiner Burchmore: Were you counsel for this railroad com-

pany at the time it was incorporated?

Mr. Brady: No, Sir; it was incorporated before the present owners purchased the stock, and it was gotten out by the attorneys representing the former stockholders.

Examiner Burchmore: Do you know the purpose of the incor-

poration?

Mr. Brady: The purpose—it was held to be a common carrier, and it was the purpose to separate the business of the lumber company from the railroad, and to establish the railroad and to keep them entirely separate to comply with the laws of the

State and the orders of the Railroad Commission of the State. They were adjudged to be a common carrier and they had to be permanent. The idea was it was going to be a permanent railroad, and it was just as well to be one in every sense of the word.

Examiner Burchmore: Was the stock of the company issued for

eash?

Mr. Sowell: I think so.

Mr. Brady: I can tell you about that. Part of that was issued to the original owners of the Amos Kent Lumber and Brick Company, but was not paid for, and the purchasers who now own the stock paid for the stock that had not been paid for, that is, paid for it by paying the money into the treasury of the railroad company; and that which had been issued and paid for was assigned to them for a consideration, namely, the value of the stock.

Examiner Burchmore: I presume that when the railroad was incorporated in 1906, stock was issued in exchange for the road.

Mr. Brady: My understanding about that was that the stock had been issued before the railroad became complete, the charter 3475 had been gotten out by the incorporators. The lumber company conveyed the entire stock to the railroad company for the one hundred thousand dollars, and I think, I am not sure, paid for, then the present owners of the railroad company came in to

purchase that stock which had not been issued but subscribed for,

and was paid for by them by paying the money into the treasury of the railroad company; that stock that had been paid for was assigned to the present stockholders of the railroad company.

Examiner Burchmore: Are there any bonds?

Mr. Brady: I want to state this. I am stating that as an occurrence in 1906, I believe, and I think I am correct about it.

Examiner Burchmore: You are sufficiently familiar with the

railroad to be able to testify as to the number of employés?

Mr. Sowell: Well, no; I don't think I can, I have never been

Examiner Burchmore: Who owns the right of way upon which this railroad is built?

Mr. Sowell: The railroad company, I think.

Examiner Burchmore: How much of this railroad has 3476 been there for forty years?

Mr. Sowell: I couldn't say.

Examiner Burchmore: Well, is there any part of it of recent construction?

Mr. Sowell: Yes, Sir, a part of it, I believe; but I am not competent to answer that,

Examiner Burchmore: Is there a proposition on foot to consoli-

date these two railroads?

Mr. Brady: No, Sir; the only proposition that there is on foot is one on the part of the stockholders of this road, and is to extend it so as to connect with the New Orleans, Natalbany & Natchez Railway, and in that way get an outlet to Baton Rouge. a map with you showing the proposed extension.

Examiner Burchmore: Show that on the same map, if you will.

Mr. Brady: Yes, Sir, we will.

Examiner Burchmore: What officers of the railroad company hold inter-State passes?

Mr. Sowell: I don't know.

Mr. Brady: You stated formerly that there was a system of accounting between the lumber company and the railroad company, and the employes of the railroad company were 3477 paid by the lumber company. Has that system been changed?

Mr. Sowell: Yes, Sir.
Mr. Brady: Who pays the employés of the railroad company now?

Mr. Sowell: The railroad company. Mr. Brady: Who are you employed by? Mr. Sowell: The railroad company.

Mr. Brady: Who pays you?

Mr. Sowell: The railroad company.

Mr. Brady: Have you any connection with the lumber company?

Mr. Sowell: Yes, Sir.

Mr. Brady: What connection have you with the lumber company? Mr. Sowell: Well, I occasionally do a little book-keeping, but I am not the book-keeper of the lumber company.

Mr. Brady: You are known as an employé of the railroad com-

pany?

Mr. Sowell: Yes, Sir.

Mr. Brady: And paid by it?

Mr. Sowell: Yes, sir.
Mr. Brady: Who else is employed by it? 3478

Mr. Sowell: The Auditor.

Mr. Brady: And part of his time is taken and he receives part payment of his salary from the railroad company?

Mr. Sowell: Yes, Šir. Mr. Brady: Who else in your office?

Mr. Sowell: No one.

Mr. Brady: Does the president and vice-president render, or do the president and vice-president render any regular service to this road?

Mr. Sowell: No, Sir. Mr. Brady: They receive no salaries, do they?

Mr. Sowell: No. Sir.

Examiner Burchmore: I thought you were secretary of the lumber company?

Mr. Sowell: No, Sir.

Whereupon at 12:30 P. M. a recess was taken until 2 o'clock P. M.

After recess. 3479

T. L. SMYTHE was called as a witness, and having been duly sworn, testified as follows:

Mr. Brady: You have been sworn, have you, Mr. Smythe?

Mr. Smythe: Yes, Sir.

Mr. Brady: Mr. Smythe, what position do you hold with the Kentwood, Greensburg & Southwestern Railway Company?

Mr. Smythe: General Manager.

Mr. Brady: How long have you been General Manager?

Mr. Smythe: Since last February.

Mr. Brady: How many engines have you, locomotives, I mean?

Mr. Smythe: Seven.

Mr. Brady: How many engineers?

Mr. Smythe: Seven.

Mr. Brady: How many firemen?

Mr. Smythe: Seven.

Mr. Brady: How many brakemen?

Mr. Smythe: Seven.

Mr. Brady: How many stations?

Mr. Smythe: Two.

Mr. Brady: How many cars? Mr. Smythe: Seventy.

Mr. Brady: How many derricks, pile-drivers and things 3480 of that sort?

Mr. Smythe: One pile-driver.

Mr. Brady: How many bridges? Estimate it.

Mr. Smythe: Twenty.

Mr. Brady: How many people live in Greensburg?

Mr. Smythe: Three hundred.

Mr. Brady: How many live in Freiler?

Mr. Smythe: About two hundred.

Mr. Brady: What is the character of the territory between the railroad facilities on the North and the railroad facilities on the Scuth for the people; the distance between the railroads North and South, in other words?

Mr. Smythe: They are nearly about equal.

Mr. Brady: Well, how many miles North to a railroad, and how many miles South?

Mr. Smythe: About fourteen miles North, and possibly about

twelve miles South, twelve or thirteen.

Examiner Burchmore: To a common carrier railroad?

Mr. Smythe: Yes, Sir.

Mr. Brady: Well, is there any other railroad that is not a common carrier?

3481 Mr. Smythe: No. Sir.

Examiner Burchmore: What is this N. T. & G.?

Mr. Smythe: I never heard of it.

Mr. Brady: Is there any such road there?

Mr. Smythe: There is a little road that goes East from there.

Mr. Brady: What is the name of that road?

Mr. Smythe: They go East.

Examiner Burchmore: Well, the map maybe has the road run-

ning the wrong way.

Mr. Brady: I will ask you whether or not the railroad company owns any spur-tracks that run down in the territory along the route of this railroad?

Mr. Smythe: No, Sir.

Mr. Brady: Who owns the spur-tracks that connect with this road?

Mr. Smythe: The Amos Kent Lumber and Brick Company and

C. P. Bradley.

Mr. Brady: I will ask you, Mr. Smythe, whether there is any discrimination, or any service for the Amos Kent Lumber and Brick Company different from that of the public service rendered by that railroad?

3482 Mr. Smythe: None to my knowledge.

Mr. Brady: You are the General Manager?

Mr. Smythe: None whatever, at least, that is the answer.
Mr. Brady: What about the spur-track belonging to Bradley, what is the length of it?

Mr. Smythe: Five or six hundred feet.

Mr. Brady: You take up logs that are loaded on cars, then, along this line?

Mr. Smythe: Yes, Sir.

Mr. Brady: For Bradley and the Amos Kent Lumber and Brick Company?

Mr. Smythe: We don't haul logs for Bradley.

Mr. Brady: What do you haul?

Mr. Smythe: Lumber.

Mr. Brady: Do you haul any other class of commodities?

Mr. Smythe: He has a little mill, and we haul his lumber, and we haul for him other commodities, just the same as we do for the other people along the road.

Mr. Brady: Who is Bradley, Mr. Smythe?

Mr. Smythe: He is a little saw-mill man; has a little saw-mill.
Mr. Brady: Will you please give the names of the owners
3483 of saw-mills along this railroad?

Mr. Smythe: Yes, Sir.

Mr. Brady: Al- right.

Mr. Smythe: Now, I am not exactly sure I remember the initials.

Bradley is one, and Rutledge, and Frieler, and Prewett.

Mr. Brady: I will ask you whether or not the Railroad Commission of Louisiana has lately issued an order against the Kentwood, Greensburg & Southwestern Railway Company, compelling it to put in a side-track and transfer facilities so as to be able to handle the freight of its patrons expeditiously?

Mr. Smythe: Yes, Sir.

Mr. Brady: Have you complied with that order?

Mr. Smythe: We are complying just as rapidly as the men can get to work on it. We have a switch from the Illinois Central and our switch built, the only thing is the little duct between it; we will have it in service in a week.

Mr. Brady: Mr. Smythe, what is the character of the territory through which this road runs, with reference to being a farming

community?

Mr. Smythe: There are a good many good farms in there, and the lands are good, and the people who are farming in there seem quite successful.

Mr. Brady: Has this road done anything toward the development

of that territory?

Mr. Smythe: No doubt.

Mr. Brady: What is the character of freight it carries? Mr. Smythe: Merchandise, farm products and lumber.

Mr. Brady: Farm products?

Mr. Smythe: Cotton, cotton-seed, fertilizer and products produced in an agricultural community.

Mr. Brady: Do you know anything about the tonnage carried for

the public over this road?

Mr. Smythe: No; only from our records.

Mr. Brady: Do you know when this road commenced to be extended westward?

Mr. Smythe: No, Sir; a good while ago.

Mr. Brady: Do you know when it was built through the town of Greensburg and to the town of Freiler?

Mr. Smythe: Only as I have been informed; in 1905.

Mr. Brady: That is the incorporation. I mean before that.

Mr. Smythe: Oh, no, Sir.

Mr. Brady: You don't know about that.

Mr. Brady: I would like to state in this connection, that this road commenced to be constructed in 1850, and was con-

structed further westward as the timber was cut, until they built to the town of Freiler, through the town of Greensburg in 1904, I believe.

Mr. Brady: Do you know whether or not it has been adjudged by

the Courts of Louisiana as a common carrier?

Mr. Smythe: It has.

Mr. Brady: Do you know whether or not it was exempted from taxation under the Constitution of 1898?

Mr. Smythe: No, Sir; I never heard that.

Examiner Burchmore: When did this railroad first begin to receive divisions on shipments of lumber.

Mr. Smythe: The records will show that. Examiner Burchmore: What records?

Mr. Smythe: The books.

Examiner Burchmore: Well, can you ascertain and advise us?

Mr. Brady: I will introduce the records.

Examiner Burchmore: Where does this man Bradley get his logs?

Mr. Smythe: From about three-quarters of a mile to a mile.

Examiner Burchmore: Does he bring them by tram?

3486 Mr. Smythe: No, Sir.

Examiner Burchmore: By team. Mr. Smythe: Ox teams, and so forth.

Examiner Burchmore: Is that done at a considerable expense to him?

Mr. Smythe: Well, that is entirely his business, you know.

Examiner Burchmore: Does Bradley get his logs from land owned by the Amos Kent Lumber & Brick Company?

Mr. Smythe: No, Sir.

Examiner Burchmore: The Amos Kent Brick and Lumber Company manufactures brick?

Mr. Smythe: Yes, they used to, but not very much of it now.

Examiner Burchmore: Well, does that brick move out in the same manner as lumber?

Mr. Smythe: Yes, Sir.

Examiner Burchmore: Are there joint through rates on brick?

Mr. Smythe: I think so.

Mr. Brady: Who is the superintendent of the Amos Kent Brick & Lumber Company?

3487 Mr. Smythe: Captain Reid.

Mr. Brady: Do you manage or control the affairs of that lumber company at all?

Mr. Smythe: None whatever.

O. L. Benway was called as a witness, and having been duly sworn, testified as follows:

Mr. Brady: I offer Mr. Benway for the purpose of allowing you, Mr. Examiner, to ascertain about the division of rates, and for the purpose of showing the compensation that the lumber company pays to the railroad company for service in hauling logs.

Examiner Burchmore: Are the rates and divisions, and the method

of billing on this road, similar to the methods and divisions on the New Orleans, Natalbany & Natchez?

Mr. Benway: They are.

Examiner Burchmore: It has the same refund arrangement with the Illinois Central?

Mr. Benway: Yes, Sir.

Examiner Burchmore: And the lumber is billed from Kentsmills?

Mr. Benway: Kentsmills, yes, Sir.

2488 Examiner Burchmore: Who issues the Bill of Lading? Mr. Benway: The Illinois Central; the agent at Kentwood signs and issues the bills of lading.

Examiner Burchmore: And the billing on these movements is

essentially the same as on the movements from Natalbany?

Mr. Benway: Essentially the same. But excuse me, the question just asked on bricks. There are no joint rates on brick. The K. G. & S. W. has nothing to do with the brick.

Examiner Burchmore: Never touches the brick?

Mr. Benway: No. Sir.

Examiner Burchmore: What division is accorded the Kentwood, Greensburg & Southwestern?

Mr. Benway: Two cents on lumber going into this Central Freight

Association territory.

Examiner Burchmore: That is two cents in addition to the revenue they receive inbound?

Mr. Benway: Yes, Sir.

Examiner Burchmore: What are the rates from the points along the line on lumber; are they two cents higher than the rate from Kentsmills?

Mr. Benway: Yes, Sir; two cents higher than the rate

3489 from Kentsmills.

Examiner Burchmore: Then to form the rate on lumber from points along this road, an arbitrary of two cents is added.

Mr. Benway: Yes, Sir.

Examiner Burchmore: That two cents is retained by the K. G. & S. W.

Mr. Benway: Well, it comes back in the same way, settled by the Illinois Central, where lumber is billed out on through bill of lading.

Examiner Burchmore: The Kentwood, Greensburg & Southwestern receives from the Illinois Central a division of two cents out of the division rate. What service do they render for that division?

Mr. Benway: On the lumber shipped off of the K. G. & S. W.

from other mills.

Examiner Burchmore: In the case of any lumber.

Mr. Benway: All lumber shipped off of our road, they get two cents in addition to this two cents extra division in this territory.

Examiner Burchmore: Making a total of four cents?

Mr. Benway: In this certain territory. Other territory 3490 they get only two cents. The other territory, excuse me, within the State, they get their legal rate less the State law ten per cent.

Examiner Burchmore: What is the legal rate?

Mr. Benway: Three cents.

Examiner Burchmore: What does the Amos Kent Brick & Lumber Company pay to this railroad to get its logs into its mill?

Mr. Benway: Three cents per hundred pounds.

Examiner Burchmore: So that the situation is the same as it is at Natalbany?

Mr. Benway: Practically the same.

Examiner Burchmore: In the case of a carload of lumber shipped by the Bradley people, what rate is applied?

Mr. Benway: If it is the legal rate, shipped to Kentsmills, three

cents.

Examiner Burchmore: If it is shipped to Chicago? Mr. Benway: The Illinois Central rate plus three cents.

Examiner Burchmore: And out of that your company gets four cents?

Mr. Benway: Yes, Sir.

Examiner Burchmore. What about the cost of transferring?

3491 Mr. Benway: Plus the transfer charge of fifty cents per thousand.

Examiner Burchmore: Does the tariff provide for this transfer charge?

Mr. Benway: It does, the Illinois Central tariff, in which we

concur.

Examiner Burchmore: What does that amount to per hundred pounds. As a matter of fact, is that rate not published in your tariff as two cents per hundred pounds?

Mr. Benway: I think it is.

Examiner Burchmore: That amounts to two cents per hundred

pounds?

Mr. Benway: Practically two cents per hundred pounds.

Examiner Burchmore: A shipper who ships his lumber on your line has to pay twenty-six cents to Chicago, plus a two cent transfer charge?

Mr. Benway: That is right.

3492 Examiner Burchmore: The Amos Kent Brick and Lumber Company pays twenty-six cents plus a cent——

Mr. Benway: Three.

Examiner Burchmore: They pay three, but two cents of that is applied on the joint rate.

Mr. Benway: Yes, Sir.

Examiner Burchmore: Other shippers are penalized one cent.

Mr. Benway: No, Sir, they are charged practically the same for
the services rendered; if they were located like the Amos Kent
Lumber and Brick Company, they would be paying exactly the
same.

Examiner Burchmore: Well, as a matter of fact, the service is

the same, is it not? I call your attention to the fact that the logs, as I understand it, are unloaded there at the mill pond by the rail-road employees under that three cent rate.

Mr. Benway: Yes, Sir.

Examiner Burchmore: Well, isn't the unloading practically the same as a transfer?

Mr. Benway: No, the train is brought to the pond and the logs

are dumped over very easily.

Examiner Burchmore: Has there been any complaint 3493 against this charge of two cents for transferring?

Mr. Benway: Not to my knowledge.

Mr. Brady: I will state that the question came up before the Railroad Commission of Louisiana, and the transfer charges fixed were conceded to be just.

Mr. Brady: Mr. Benway, the unloading of these logs, the rail-

road company makes a charge for that, does it not?

Mr. Benway: Not to the lumber company; it is included in the three cents.

Mr. Brady: In fixing that three cents, it was determined that twelve cents a car should be paid for unloading, was it not?

Mr. Benway: No, I don't think so.

Mr. Brady: You think that Mr. Smythe is in error when he says representing the railroad company he made that charge?

Mr. Benway: He said that in connection with the other railroad company.

Mr. Brady: That is not true in connection with this railroad?

Br. Benway: No, the train crew unloads these logs,

Mr. Brady: After the logs are unloaded, who is it that makes the transfer of the product of the Amos Kent Lumber 3494 & Brick Company to the cars of the Illinois Central?

Mr. Benway: The Amos Kent Brick & Lumber Com-

pany.

Mr. Brady: Who makes the transfer for Bradley?

Mr. Benway: The railroad does.

Mr. Brady: So there is service rendered Bradley that is different in character and expense from that rendered to the Amos Kent Lumber and Brick Company?

Mr. Benway: Entirely,

Mr. Brady: Which accounts for the difference in rate?

Mr. Benway: Yes, Sir.

Mr. Brady: I will ask you if it is the purpose, or has been the purposes of this railroad company to discripinate or furnish different rates.

Mr. Benway: It is the purpose to treat them all exactly the same, the Amos Kent Lumber and Brick Company as an outside

party.

Mr. Brady: We want to introduce, in connection with Mr. Benway's testimony, this local tariff and the division sheet of this railroad company with the Illinois Central,

Examiner Burchmore: They may be received in evidence.

(The paper so offered and identified was received in evidence

and thereupon marked Kentwood, Greensburg & S. W. Rail-3495 road Company Exhibit No. 2, Witness Benway, received in evidence December 13, 1910, and is attached hereto.)

Mr. Brady: We want to refer, in connection with Mr. Benway's testimony, to the annual report made by this railroad company to the Railroad Commission.

Mr. Benway: I will suggest in connection with that, that this tariff shows as a station Coles, which was originally built as a spur

track.

Mr. Brady: This railroad, we have gotten in this sort of attitude out there. The lumber company built a spur-track from the main line of this road down through the piney woods, and the lumber company wanted to move it, and the railroad Commission of Louisiana would not let them move it, and it makes the railroad company keep that spur-track down there, the Railroad Commission requires that that station be shown. It is not the railroad company's property.

Examiner Burchmore: Does the Amos Kent Lumber and Brick

Company have any commissaries and stores?

Mr. Benway: It has at Kent's Mill.

Examiner Burchmore: When was this lumber company's plant built?

Mr. Benway: It was originally built years ago.

3496

Examiner Burchmore: In 1850? Mr. Benway: I imagine; but it has been renewed since then, and an entirely new mill built.

Examiner Burchmore: Was this road originally built to bring

logs to the mill?

Mr. Benway: It was. I wasn't there at that time, but I understand that was the purpose.

Mr. Brady: I would like to introduce Mr. Thames.

T. R. Thomas was called as a witness, and having been duly sworn, testified as follows:

Mr. Brady: Do you know whether or not this railroad company pays a privilege tax for doing business in Louisiana?

Mr. Thames: It pays an ad valorem tax.

Mr. Brady: Do you know whether or not it is exempt, as other railroads are?

Mr. Thames: Yes, sir.

Mr. Brady: Do you know whether it has been adjudged by the Courts of Louisiana a common carrier and entitled to such exemption?

Mr. Thames: Yes, Sir; there was a suit styled Tax Collec-3497 tor against the K. G. & S. W. Railroad before the record shows that the charter was made.

Examiner Burchmore: Where is that case reported?

Mr. Brady: It is reported in one of the Louisiana Annuals, I don't remember the number of it. It was about 1904, before it was chartered, it was held to be a common carrier and entitled to this exemption from paying taxes. That is true, isn't it?

Mr. Thames: Yes, Sir; under the Constitution of 1898, railroads were exempted from taxation for ten years. This road had been carrying freight and acting as a common carrier without a charter, and the State attempted to collect taxes on it, and the question was adjudicated as to whether or not it was a common carrier, and it was held to be a common carrier notwithstanding it didn't have a charter.

Mr. Brady: Then came the incorporation.

M. M. Cruse was called as a witness, and having been duly sworn, testified as follows:

Mr. Brady: I will ask you whether or not there has been an order by the president of the Kentwood, Greensburg & South-3498 western Railroad Company, requesting you to ascertain the

interest due from that company to the Amos Kent Lumber and Brick Company, and after it has been ascertained, to arrange for the payment of it?

Mr. Cruse: Yes, Sir.

Mr. Brady: You were sent, I believe, by the president of this company to do this particular auditing and determine the exact relations about this indebtedness and accrue the interest and see that it was properly ordered paid?

Mr. Cruse: I was.

Examiner Burchmore: At what rate?

Mr. Cruse: At five per cent for the years 1905 and 1907, and 1908 too, I think, and five and a half per cent for 1909 and 1910. I might add that it will be done. It has not been done, I find, but it will be done.

Mr. Brady: Mr. Cruse, this railroad company has a president and a vice-president, a traffic manager, a general manager and an au-

ditor?

Mr. Cruse: Yes, Sir.

Mr. Brady: Do the president and vice-president render any service, or are they just nominal?

Mr. Cruse: Just nominal.

3499 Mr. Brady: They receive no salaries?

Mr. Cruse: No salaries whatever.

Examiner Burchmore: What annual passes are issued by this railroad?

Mr. Cruse: I couldn't give competent testimony about that,

because I have nothing to do with the issuing of them.

Mr. Brady: My understanding is that there are two passes issued by this railroad, one to the president of the road and one to the claim agent, probably to the secretary and treasurer of the road.

Mr. Brady: I will ask whether either of those representatives of the road are out on the road selling lumber, or use these passes in the sale of lumber?

Mr. Cruse: None whatever.

Examiner Burchmore: These are passes from the Illinois Central?

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Mr. Cruse: Yes, Sir.

Mr. Brady: You can state that these passes are not used by the officers of the lumber company in securing sales of lumber?

Mr. Cruse: They are not.

3500 Mr. Brady: I think that closes our case, Examiner Burchmore: I think you have covered it sufficiently.

3501 Fernwood & Gulf Railroad Company.

Examiner Burchmore: The Fernwood & Gulf, I believe, should

be taken up next.

Mr. Green: If your Honor please, in view of the difficulties of definition of the status of the parties to this hearing, we have prepared a statement, and also a deposition, or affidavit, of the material facts in respect to it and we would ask your Honor to refer to the parts of it that refer to our status in this hearing, to the Commission, and ask that it be filed. And in order to save time, I will ask that your Honor will allow us, through this witness, Mr. Enochs, who makes this affidavit, to read the statement in this affidavit, and to be further examined as it may suit the pleasure of the Court. It will save a great deal of time. You will find that the material facts are stated there, and it will save the stenographer the necessity of taking down the questions and answers, and furnish your Honor with the information in a substantial way. It is difficult, we have never seen the pleadings, we have never been made a party to the suit, and we don't know exactly where we are. I will ask your Honor to refer to the Commission for its action, the parts of that statement

which refer to our status; the other parts as to the facts in 3502 the case, I will ask that we may be allowed to read in evi-

Mr. Brady: I wish you would let this go in the record in the former case. I don't intend to be unfair to you, but I overlooked it. That same question was pleaded in the petition which we filed. We set up the fact in there that the rate is reasonable, and this division rate is a matter that concerns the two companies individually, and the question is res adjudicate as far as we are concerned. I would ask that you make that a part of the record.

Examiner Burchmore: This document may be placed on record for the information of the Commission and for such action as it may deem proper, and it will be understood that it is referred to

as a part of Mr. Enochs' testimony in this case.

(The paper so offered and identified was received in evidence and thereupon marked Fernwood & Gulf Railroad Company, Exhibit No. 1, witness Enochs, received in evidence December 13, 1910, and it attached hereto.)

Mr. Green: Mr. Enochs, you have read this document and know the statements therein made to be true?

Mr. Enochs: I have made an affidavit to that,

3503 I. C. Enochs was called as a witness, and having been duly sworn, testified as follows:

Examiner Burchmore: I will ask questions, and I think I can be very brief. Mr. Enochs, the Fernwood & Gulf Railroad extends, through a connection with the Illinois Central at Fernwood, easterly through a number of stations, including Tylertown, as far as Kokomo, and a little beyond Kokomo?

Mr. Enochs: That is true.

Examiner Burchmore: Its accredited length of main line is thirty-

Mr. Enochs: Not exactly, approximately thirty-three miles, thirty-two and eighty-nine one-hundredths, I believe.

Examiner Burchmore: Is it standard gauge?

Mr. Enochs: Yes, Sir.

Examiner Burchmore: The Fernwood Lumber Company was organized in 1889.

Mr. Enochs: Yes, Sir.

Examiner Burchmore: Established its milling plant at Fernwood at that time.

Mr. Enochs: Yes, Sir. The milling plant was established there before the Fernwood Lumber Company was organized. I
 3504 owned the mill. My brothers and I owned the mill prior to the incorporation of the Fernwood Lumber Company.

Examiner Burchmore: Mr. Green, will it not be satisfactory if instead of having this filed in the record, it be simply filed as an exhibit in connection with Mr. Enochs' testimony. I will not examine Mr. Enochs at length, but will assume that this statement is fair and complete.

Mr. Green: I think so, yes, Sir. Now, there are several exhibits

to go with that.

Examiner Burchmore: Will you attach the exhibits that belong to this document?

Mr. Green: Yes, Sir.

Examiner Burchmore: I just wish to ask one or two questions. They may be covered by this statement, and they may not be. I understand that during the year 1909, this road was sold by the Fernwood Lumber Company to the Fernwood railroad corporation?

Mr. Enochs: Yes, Sir.

Examiner Burchmore: For one hundred and twenty-five thousand dollars, the mileage being twenty-one miles.

Mr. Enochs: Twenty-one miles, approximately, yes, Sir.

Examiner Burchmore: At that time a written agreement was entered into Between the two corporations.

Mr. Enochs: That is true.

Examiner Burchmore: This agreement expressly reserved to the lumber company the trackage right to operate logging trains over that road during the life,—or perpetually?

Mr. Green: During the term that the Fernwood Lumber Company

is engaged in business in Marion County, Mississippi.

Examiner Burchmore: The lumber company expressly reserved free trackage rights over this road?

Mr. Enochs: That is true.

Examiner Burchmore: And over any extension that may later

be built by the Fernwood & Gulf Railroad Company?

Mr. Enochs: Yes, Sir. That is to say, the contract speaks for itself, and your Examiner had a copy of that when he was at our place.

Examiner Burchmore: The officers and employés of the lumber company's mills are transported free of charge over the railroad?

Mr. Enochs: The officers.

Examiner Burchmore: And employés.

Mr. Enochs: The employés are not transported free of charge over the railroad; the contract allows the employés of the 3506 lumber company to be transported on the log trains but not on the trains of the railroad company. That is my recollection of it, but, of course, it speaks for itself.

Examiner Burchmore: Well, that agreement is attached to your

statement?

Mr. Green: We refer to it as being on file with the Commission. We gave it to Mr. Mason.

Examiner Burchmore: That was Mr. Hanson, I believe.

Mr. Green: Mr. Mason, we call it Mason there.

Examiner Burchmore: Mr. Enochs, will you have furnished for the Commission, a statement of your tonnage for the fiscal year ending June 30, 1910, such statement to show the total amount of lumber handled on account of the Fernwood Lumber Company, and the total amount of logs handled for them in tons; also the total amount of various supplies and merchandise that you have been transporting for the lumber company, or on its account, and the traffic for the general public in lumber and products of various kinds?

Mr. Enochs: Yes, Sir.

Examiner Burchmore: You make reports to the Commission?

Mr. Enochs: My report is on file, and it shows,—it is a tonnage statement.

3507 Examiner Burchmore: Of various commodities?

Mr. Enochs: Various commodities other than the tonnage which originated out of the lumber at Fernwood. It was an oversight that that was not added to it. I can make from my records a tonnage statement of the lumber manufactured at Fernwood and moved

from there by railroad. That is what you desire?

Examiner Burchmore: I will state what I desire. A statement of the tonnage transported by the railroad for the account of the Fernwood Lumber Company; also of logs for the account of the Fernwood Lumber Company; and of commodities transported for the account of all other lumber companies, or shippers. The statement also to show the tonnage of farm products and all merchandise and other character of freight handled for the general public, and handled for the interests that control this road. The figures should be given in tons and also in revenues.

Mr. Green: We will furnish such statement.

Examiner Burchmore: Another thing. Will you furnish a map of the road. It may be a reference map, but should be drawn to scale, and show the location of the mill and the junction points, and the whole lay of the land?

Mr. Green: We have a map, but it is on a larger scale than

your Honor will require. We will have it reduced.

Mr. Green: These are the station houses. We want to offer them in evidence to show the character of station houses we have.

Examiner Burchmore: They may be received in evidence.

(The photographs so offered and identified were received in evidence and thereupon marked Fernwood & Gulf Railroad Company, Exhibits Nos. 2, 3 and 4, Witness Enochs, received in evidence December 13, 1910, and are attached hereto.)

Mr. Green: In connection with this statement, we have the privilege tax assessment of the Railroad Commission of the State of Mississippi, assessing this railroad for a privilege tax, as a railroad, in order that it may classify for classification to pay a privilege tax for a railroad business.

Examiner Burchmore: You say, Mr. Green, that this railroad was taxed on a special basis, as a railroad corporation, and is not

taxed either as other corporations or persons are taxed?

Mr. Green: No. Sir; this road is assessed under the Con3509 stitution and laws of Mississippi, as a railroad, by the Misssissippi State Railroad Commission, for ad valorem taxes; it
is also assessed for a privilege tax, which requires that the State
Railroad Commission shall classify the several railroads of the State
according to their revenues, and imposing a tax of so many dollars
per mile of line operated, and the assessment that we show you is
the classification and mileage of the Fernwood & Gulf Railroad by
the Mississippi Railroad Commission, whereby they classify it as
third class and for twenty-one miles, and assess it at ten dollars per
mile privilege tax.

Examiner Burchmore: You need not offer in evidence the documents mentioned, the statement will suffice, if you will explain what

a third-class railroad is.

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Mr. Green: The Railroad Commission assesses them as first, second, third, and narrow gauge tax; it classifies them for privilege tax.

Examiner Burchmore: What is a first class railroad?

Mr. Green: It is classified relatively to its revenues, gross earnings.

Examiner Burchmore: The classification has no relation to the status of the road as a common carrier?

3510 Mr. Green: No. Sir; all railroads in the State of Mississippi are common carriers under the Constitution and under the laws.

Examiner Burchmore: In what class, if any, would the private logging road belonging to a lumber company be classed?

Mr. Green: It would be placed within no class; it would not come within the jurisdiction of the State Railroad Commission to assess these roads. A logging road would not be held responsible as a common carrier in our State. We show also the privilege tax receipts paid on this railroad as a common carrier in the railroad business. I would also state, your Honor, that the assessments of railroad property are made by the State Railroad Commission, as contra-distinguished from assessments made by lumber or logging roads, by the County Assessor.

Examiner Burchmore: The record will show your statement to

that effect.

Mr. Green: Now, if your Honor please, in connection with this statement of Mr. Enochs, I have the orders of the Mississippi Rail-

road Commission referred to in that statement.

Examiner Burchmore: These are orders directed to the Fernwood & Gulf Railroad Company as a common carrier?

Mr. Green: By the Railroad Commission of Mississippi. It has powers to supervise common carriers. Unless your Honor wishes to encumber the record with them——

Examiner Burchmore: We don't care for them: it is sufficient to

exhibit them.

Mr. Green: We also wish to exhibit with this statement of Mr. Enochs, the time-table of the Fernwood & Gulf.

Examiner Burchmore: That may be received. Mr. Green: That is attached to the statement.

Mr. Green: We have referred in this statement to the several tariffs in which the Fernwood & Gulf has joined with other common carriers, giving the I. C. C. numbers in the statement, and, of course, your Honor does not wish these to be more than referred to. As a part of the statement of Mr. Enochs, we have filed the official list of the officers and agents and stations of the Fernwood and Gulf Railroad Company, showing the list of stations and mileage, the agents and the stations at which there are agents, the stations and the character of enterprises that are at the several stations.

3512 Examiner Burchmore: It may be marked and received.

Mr. Green: And, in that connection, we wish to call the attention of your Honor to the number and character of the industrial enterprises that are along this line of railroad.

Examiner Burchmore: That is set forth inn the statement?

Mr. Green: This official list is merely an exhibit to that statement, and referred to in it. With that statement is also filed the division sheet with the Illinois Central of the Fernwood & Gulf, and the division sheets of the New Orleans & Great Northern which connects at Fernwood with the Illinois Central, and at Tylertown with the New Orleans & Great Northern. And these are made exhibits to that statement.

Examiner Burchmore: The Fernwood & Gulf connects with the Illinois at Fernwood, and with the New Orleans and Great Northern at Tylertown.

Mr. Green: Yes, Sir. We will also furnish to your Honor a plat of the switches at Tylertown. Examiner Burchmore: Just one or two questions: Where is your mill located with respect to the junction point?

Mr. Enochs: It is located at Fernwood.

Examiner Burchmore: How far from the right of way of the Illinois Central?

Mr. Enochs: It is situated in the bend here (indicating).

Examiner Burchmore: A few hundred feet?

Mr. Enochs: Of course, the mill is located at an agle from the station, and if you run from the switch head it is about twenty-six hundred feet; if you run at right angles it is fifteen hundred feet.

Examiner Burchmore: The Fernwood Lumber Company owns

certain private logging tracks connecting with this railroad?

Mr. Enochs: How is that?

Examiner Burchmore: The Fernwood Lumber Company owns certain private logging tracks connecting with this railroad?

Mr. Enochs: Up in the woods, they do.

Examiner Burchmore: Does your statement refer to those tracks at all?

Mr. Enochs: I don't think it does.

Examiner Burchmore: Well, are those private tracks operated by the railroad company?

Mr. Enochs: No. Sir.

Examiner Burchmore: The lumber company has engines that operate over those tracks?

3514 Mr. Enochs: Yes, Sir.

Examiner Burchmore: Does the statement refer to that

fact?

Mr. Enochs: No, Sir; not as logging tracks we operated, because we took it that we were called only as to the operation of the railroad.

Examiner Burchmore: Did you know, Mr. Enochs, that the majority of tap roads east of the Mississippi River do not receive allowances or divisions?

Mr. Enochs: The majority of tap roads?

Examiner Burchmore: Do not receive divisions or allowances.

Mr. Enochs: Do you mean that the majority of lumber companies which haul logs by rail do not?

Examiner Burchmore: Yes, Sir.

Mr. Enochs: I do.

Examiner Burchmore: How does your road differ from the general run of tap roads east of the Mississippi River?

Mr. Enochs: Because my road performs in good faith transportation services for the public.

Examiner Burchmore: Does it perform any transportation service in connection with your own lumber?

3515 Mr. Enochs: The Fernwood & Gulf Railroad own the physical property throughout the length of this road; the logging trains run in over the Fernwood & Gulf rails, from the woods to the mill.

Examiner Burchmore: Were you present this morning when the

testimony was taken in the case of the New Orleans Natalbany & Natchez Company?

Mr. Enochs: I was.

Examiner Burchmore: Is your method about the same as theirs?

Mr. Enochs: No, Sir; quite different.
Mr. Green: Your Honor, before passing from that, I would like to call your attention to the letter in that regard, which is the commencement of the giving of divisions to the lumber railroads.

Examiner Burchmore: The letter referred to is on page 415 of Volume 1 of the Transcript of Record in Illinois Central Railroad Company vs. Interstate Commerce Commission, before the Supreme Court of the United States, at the October Term 1906, calendar No.

Mr. Green: That is the commencement of the giving of divisions on the Illinois Central, and you will see the principle upon which the Illinois Central proceeded.

3516 Examiner Burchmore: Is there any other statement you wish to make, Mr. Enochs?

Mr. Enochs: No; we are here to give you such information as you

Examiner Burchmore: Well, just this one question, or this one The lumber company hauls its own logs into the line of questions. mill?

Mr. Enochs: It does.

Examiner Burchmore: All the way?

Mr. Enochs: Yes, Sir.

Examiner Burchmore: And the railroad company does not touch the logs coming in? Mr. Enochs: No, Sir.

Examiner Burchmore: Then after the logs have been milled, they are loaded on cars at the mill by the mill employes?

Mr. Enochs: Yes, Sir.

Examiner Burchmore: Who furnishes these cars?

Mr. Enochs: The Ilinois Central furnishes them in one instance, and the Fernwood & Gulf furnishes them in the other instance. The Fernwood & Gulf furnishes them when they are hauled for connection at Tylertown.

Examiner Burchmore: Take the Illinois Central case.

3517

Mr. Enochs: They furnish the cars. Examiner Burchmore: The Illinois Central furnishes the cars, but the Fernwood & Gulf Locomotive places the cars at the Mill?

Mr. Enochs: The map which we will file will show the Illinois Central tracks and the Fernwood & Gulf tracks.

Examiner Burchmore: Who puts the empty cars at the mill? Mr. Enochs: Sometimes the Illinois Central switching crew and sometimes the Fernwood & Gulf switching crew does it and they are sometimes switched by the Fernwood Lumber Company.

Examiner Burchmore: When the car is loaded, who takes it away

from the mill to the Illinois Central?

Mr. Enochs: The same inter-change or switching is pursued with respect to loaded cars as with cars yet to be loaded.

Examiner Burchmore: Sometimes the Illinois Central does it with its crew and sometimes the Fernwood & Gulf Railroad Company does it with its crew.

Mr. Enochs: Yes sir.

Examiner Burchmore: In all cases however the Illinois Central grants division of the rate?

Mr. Enochs: No, not in all cases. The Illinois Central

3518 grants a division of rate only to empties.

Examiner Burchmore: I mean, irrespective of which en-

gine gets the cars?

Mr. Enochs: If the Illinois Central gets the haul, why it gets the rate.

Examiner Burchmore: It gets the division if the car moves out of the Illinois Central?

Mr. Enochs: Yes sir.

Examiner Burchmore: In the case of New Orleans and Great Northern shipments?

Mr. Enochs: The Fernwood & Gulf hauls the car back to Tyler-

town.

Examiner Burchmore: What proportion of your lumber goes out

over the Illinois Central, if any?

Mr. Enochs: That varies. At this time, about 75% of our lumber is going out over the Illinois Central. At one time last year about 75% went out over the New Orleans and Great Northern. As a matter of fact, most of our stuff was going out over the New Orleans and Great Northern, until they had a stock at Meridian over the New Orleans and Northeastern, and it demoralized things and got congestive.

Examiner Burchmore: Does this statement indicate the proportion of your tonnage that goes each way from the mill?

Mr. Enochs: No, it does not figure it by proportion. We make a statement here showing how much tonnage—how many cars of

lumber-moves over the Fernwood & Gulf Railroad.

Examiner Burchmore: Mr. Enochs, will you furnish us also with a statement of the total number car loads of lumber that moved out last year over the Illinois Central, and that which moved out last year over the New Orleans and Great Northern. We would also like to have it show which one of them gave a division and which one does not.

Mr. Enochs: All right.

Examiner Burchmore: I think there is nothing further unless

von have some questions you wish to ask, Mr. Green?

Mr. Green: I want to eall your Honor's particular attention to the basis of the division with the Illinois Central and with this Company as shown by exhibit "1" to the Fernwood and Gulf statement. On lumber shipped from Fernwood, Mississippi, manufactured at that point from logs brought in from stations on the Fern-

wood & Gulf Railroad, the Gulf and Fernwood Railroad will be allowed two cents per hundred pounds through the freight claim department. I would like to ask you about the size

of the towns?



Examiner Burchmore: Does your statement indicate that?

Mr. Green: No, not the population of the town.

Mr. Enochs: What is it you want?

Mr. Green: Mr. Enochs, what is the population-

Examiner Burchmore: Can't you file the population of each town and industries—show the size of the town and population and industries?

Mr. Green: And the extent of service performed for each?

Examiner Burchmore: Yes, and if you think any other statement should be filed to fully set forth the case, you may have that permission, but I suggest that you don't cumber the record.

Mr. Green: I would suggest, your Honor, that if there is any other information, which in the course of inquiry, occurs to your

Honor, we would gladly furnish it.

Mr. Enochs: How soon would you desire this?

Examiner Burchmore: As soon as it could be prepared.

3521 Kentwood and Eastern Railway Company.

(Appearances: Robert R. Reed, Esq. Attorney for the Kentwood and Eastern Railway Company.)

Examiner Burchmore: Have you filled out a print slip—appearance slip-Mr. Reed?

Mr. Reed: No. Examiner Burchmore: Please do so.

Mr. George A. Keyes, was called as a witness, and having been first duly sworn, testified as follows:

Direct examination:

Examiner Burchmore: What is your name and occupation, Mr.

Mr. Keves: George A. Keyes, General Manager of the Kentwood

and Eastern Railway Company.

Examiner Burchmore: Are you an officer of any lumber company?

Mr. Keves: No. sir.

Examiner Burchmore: The Kentwood and Eastern Railway Company connects with the Illinois Central at Kentwood, La.

Mr. Keves: Yes sir.

Examiner Burchmore: And with the New Orleans and 522 Great Northern at Warnertown?
Mr. Keyes: Yes, Warnerton,—W-a-r-n-e-r-t-o-n.
Examiner Burchmore: Warnerton?

Mr. Keyes: Yes, sir.

Examiner Burchmore: What is the length of its line approximately?

Mr. Keves: Our Hackley line is 30.2 miles in length from Kent-

Examiner Burchmore: Is that broad or narrow gauge?

Mr. Keyes: Narrow gauge.

Examiner Burchmore: And your other line? Mr. Keyes: Our other line is 25.18 miles in length.

Examiner Burchmore: Then you have two lines out of Bolivar Junction?

Mr. Keyes: Yes, sir. We have a three rail line from Kentwood to Bolivar Junction, a distance of 3.34 miles.

Examiner Burchmore: The third rail line? Only one train can pass over it at once?

Mr. Keyes: Yes, sir.

Examiner Burchmore: It is a narrow and standard gauge line combined.

3523 Mr. Keyes: Yes sir,

Examiner Burchmore: Then from Bolivar Junction, the line runs out east?

Mr. Keyes: Out east to Hackley.

Examiner Burchmore: And that is the line which is thirty miles in length?

Mr. Keyes: Yes sir.

Examiner Burchmore: From Bolivar Junction and other line run southeast through Wilmer to Foley, Louisiana?

Mr. Keyes: Yes sir.

Examiner Burchmore: A distance of about 20 miles?

Mr. Keyes: It is 25 miles from Kentwood.

Examiner Burchmore: Are there any private tram lines?—Any

private tram lines connecting with those roads?

Mr. Keyes: Well, there is what you might call a tap line from Brookdale on the Hackley line. Brookdale is a point a little west

of Warnerton.

Examiner Burchmore: Running southward?

Mr. Keyes: That runs in a northerly direction.

Examiner Burchmore: How far?

Mr. Keyes: I think in the neighborhood of four or five miles of track. It runs to a saw mill located about a little over a half a mile north of our line and the rest of their trackage is a logging

Examiner Burchmore: Who was tram line built by—who does it belong to?

Mr. Keves: A concern known as the Bassfield Lbr. Co.

Examiner Burchmore: Before we pursue this line of inquiry further, I understand that the Kentwood and Eastern Railway Company is controlled through its ownership or stock by the stockholders of the Brooks Scanlan Company.

Mr. Keyes: Yes sir.

Examiner Burchmore: Are the stockholders of the two companies

substantially identical?

Mr. Keyes: Practically so. There are a few stockholders in the lumber company who are not in the railroad company but all the stockholders in the railroad company are stockholders in the lumber company.

Examiner Burchmore: This company that owns a private tram

line that you have just referred to, what is its name?

Mr. Keyes: The Bassfield Lumber Company.

Examiner Burchmore: Is the Bassfield Lumber Company related in any way to the Brooks Scanlan?

Mr. Keyes: In no way whatever. Examiner Burchmore: Where do they get their timber?

Mr. Keyes: They have quite a large tract of timber north 3525 of our railroad.

Examiner Burchmore: Is there any other tram line con-

nected with this road?

Mr. Keves: No tram lines. There are what you might call logging spurs-possibly what you might call a tram line.

Examiner Burchmore: Connecting-

Mr. Keyes: Belonging to the Brooks Scanlan Lumber Company. There is one logging concern that owns logging spurs on which the Brooks Scanlan Company have no interest except that this Company is logging for the Brooks Scanlan Company. They advance them their money. I don't know just how much trackage they have. They have one locomotive and a number of cars.

Examiner Burchmore: The Brooks Scanlan Company? Mr. Keves: No, this logging outfit I have spoken of. Examiner Burchmore: Where is the mill located?

Mr. Keyes: At Foley.

Examiner Burchmore: That is at the end of your southern line?

Mr. Keves: Yes, sir.

Examiner Burchmore: Where are the mills of the Brooks Scanlan Company located?

Mr. Keyes: At Kentwood. 3526

Examiner Burchmore: Right on the tracks of the Illinois

Central?

Mr. Keyes: Practically so—the Illinois Central sidetracks. They run into them. One of them is on the right of way, I believe, of the Illinois Central, and the other may be four hundred feet distant.

Examiner Burchmore: How many locomotives has the Kentwood

and Eastern?

Mr. Keyes: They own nine.

Examiner Burchmore: Part narrow gauge and part standard gauge?

Mr. Keyes: Yes, sir. Five narrow and four standard. Examiner Burchmore: How many cars does it own?

Mr. Keves: They own 6 passenger cars, 48 box cars, 182 flat cars, two coal cars, 52 logging cars, nine work cars and four cabooses.

Examiner Burchmore: Part of those cars in each class are narrow

gauge and part standard gauge?

Mr. Keves: All the cars-of these cars-152 are narrow gauge and 51 standard; of the locomotives, five are narrow and four standard gauge.

3527 Examiner Burchmore: What weight of rail is used on the

Mr. Keyes: In the Hackley line, it is practically 35 and 40. There is a little 30 pound rail. On our Bolivar line it is all 56 pound rail.

Examiner Burchmore: Your standard gauge line is a lighter rail? Mr. Keyes: No, sir, the Bolivar line running to the south is a standard gauge.

Examiner Burchmore: Are you contemplating changing the other line to standard gauge—your southern line?

Mr. Keyes: The Southern line is now standard; the eastern is

Examiner Burchmore: Are you contemplating a change in that?

Mr. Keyes: Not seriously.

Examiner Burchmore: How is the road constructed?

Mr. Keves: Substantially and with easy grades and long curves. Our standard gauge line is fairly easy grades, the maximum I believe is 1.4 against the loads and a little heavier against the empties. The

narrow gauge line for a distance follows the general lines of 3528 country, but from Mount Herman east, there was considerable

grading done and a great many bridges built.

Examiner Burchmore: What sort of country does it run through?

Mr. Keves: It is a pretty rough rolling country.

Examiner Burchmore: Any farms?

Mr. Keyes: A great many; pretty well developed. Examiner Burchmore: Any box factories on the line?

Mr. Keyes: No box factories, no sir.

Examiner Burchmore: Do those farmers make staves and such stuff?

Mr. Keyes: Not for shipment, no, sir.

Examiner Burchmore: What sort of lumber do you make on the

line there-do you get there?

Mr. Keves: Why, we get a great deal of hewn timber and some cross ties and then we have a number of mills-small mills-on the two lines.

Examiner Burchmore: Pony mills?

Mr. Keyes: Well, I don't know that you would call them Pony mills; all the way from fifteen to forty thousand feet daily capacity.

Examiner Burchmore: Have you any other industries 3529

along the line?

Mr. Keyes: There are saw mills. We have in all 32 saw mills. Examiner Burchmore: How many controlled by Brooks Scan-

Mr. Keyes: Two owned by them and one saws for them.

Examiner Burchmore: Where is that?

Mr. Keyes: At Foley.

Examiner Burchmore: That is the mill you referred to a mo-

ment ago?

Mr. Keyes: Yes, and in addition to the mill, we have those turpentine stills; four of which are controlled by or operated by the Brooks Scanlan Company.

Examiner Burchmore: Are the other two-do the other two

have the turpentine privilege farmed out by Brooks Scalan?

Mr. Keyes: No, sir.

Examiner Burchmore: They do not get the turpentine from the Brooks Scanlan Lumber Company woods?

Mr. Keves: No.

Examiner Burchmore: Continue.

Mr. Keyes: We have also seventeen cotton gins located 3530 along the two lines.

Examiner Burchmore: The Brooks Scanlan Lumber Company has no relation to these cotton gins?

Mr. Keyes: None whatever.

Examiner Burchmore: And these are all the industries?

Mr. Keyes: We serve a large farming section. In 1909 we handled 5.636 bales of cotton.

Examiner Burchmore: Was that an extraordinary number for

your road?

Mr. Keyes: No, sir, the amount has been growing less in the last two or three years.

Examiner Burchmore: It has been growing less?

Mr. Keyes: Yes, sir. Mr. Reed: That is on account of the boll weevil?

Mr. Keves: The first is due to the entrance of the New Orleans and Great Northern in our recent territory, and in 1910, we handled but 4,572 bales and that was due to the boll weevil, and this year the crop is even better.

Examiner Burchmore: When was this road constructed?

Mr. Keves: The Hackley line-the last of it was con-3531 structed in 1904; it was before we took possession of it.

Examiner Burchmore: When was the construction begun?

Mr. Reed: I expect I will have to help him. Mr. Keyes: It is a good many years ago.

Mr. Reed: It was begun by the Banner Lumber Company probably in 1896 or 1897.

Examiner Burchmore: 1896 or 1897?

Mr. Reed: Yes, sir.

Examiner Burchmore: Their mill was constructed at the same

time?

Mr. Reed: The Banner Lumber Company mill was. Brooks Scanlan Company bought from them in 1905, the first day of November.

Examiner Burchmore: When was this railroad incorporated?

Mr. Keyes: December 5, 1905.

Examiner Burchmore: After you bought it?

Mr. Keyes: Yes, sir.

Examiner Burchmore: The Brooks Scanlan Co. then purchased this mill and the railroad all at one investment?

Mr. Keyes: Yes, sir.

Examiner Burchmore: At a lump price?

3532 Mr. Reed: I don't think Mr. Keves knows that.

Mr. Keyes: As far as I know.

Mr. Reed: They bought quite a quantity of timber lands on the timber estimate of \$2.40 a thousand and bought the mill at an estimate of some \$50,000.00 and the railroad at \$112,000.00. is my recollection. I prepared the deeds and represented them.

Examiner Burchmore: That included both lines of the Railroad?

Mr. Reed: No, sir.

Examiner Burchmore: When was the other line of railroad constructed?

Mr. Keyes: The construction work was started in 1906.

Examiner Burchmore: After the incorporation of the railroad?

Mr. Keyes: Yes, sir.

Examiner Burchmore: The mills on that line were opened subsequently?

Mr. Keyes: Yes, sir.

Examiner Burchmore: I presume, practically, simultaneously with the completion of the road?

3533 Mr. Keyes: The small mills?

Examiner Burchmore: Yes, the mills in which you are interested.

Mr. Keyes: The Brooks Scanlan mill?

Examiner Burchmore: Yes,

Mr. Keyes: They had already one mill which they purchased at the same time.

Examiner Burchmore: I am thinking of the mill at Foley.

Mr. Keyes: That mill began operations in May, I think, of this year; that is recently constructed.

Examiner Burchmore: How was the railroad corporation origin-

ally financed?

Mr. Keyes: It has been financed by the Brooks Scanlan Company. It has a capital stock of \$100,000.00.

Examiner Burchmore: How much of that is issued?

Mr. Keyes: All of it.

Examiner Burchmore: And paid in?

Mr. Keyes: Yes, sir.

Examiner Burchmore: Was that paid in by the steckholders of the Brooks Scanlan as such?

Mr. Keyes: Not as stockholders of the Brooks Scanlan 3534 Company, no, sir.

Examiner Burchmore: The same interests control it?

Mr. Keyes: Yes, sir.

Examiner Burchmore: Whom, the Brooks Scanlan Company—any other syndicate?

Mr. Keves: No, sir.

Examiner Burchmore: Is there any relation between your Company and any other lumber Company?

Mr. Keyes: They have other interests in other parts of the

country.

Examiner Burchmore: But not in around that part of the country?

Mr. Keves: No. sir.

Examiner Burchmore: Who furnished the steel rail out of which this new line was constructed?

Mr. Keyes: All bought of the Carnegie Steel Company.

Examiner Burchmore: Are there any bonds of this Company? Mr. Keves: No, sir.

Mir. Reyes. No. Sir.

Examiner Burchmore: Has it any indebtedness aside from current liabilities? Mr. Keyes: Only such amounts as we owe to the Brooks Scanlan Company.

3535 Examiner Burchmore: What does that amount to in round figures?

Mr. Keyes: I think at the present time, something like \$220,000,00.

Examiner Burchmore: You owe the Brooks Scanlan Company \$220,000.00. Do you pay interest on that indebtedness?

Mr. Keves: Yes, sir.

Examiner Burchmore: At 6%?

Mr. Keyes: We have paid it as high as 7%, it depends on the market.

Examiner Burchmore: You pay the market rate?

Mr. Keyes: Well, we pay—I don't know just how they arrive at their interest rate but I know that when money is scarce, we have to pay a higher rate of interest.

Examiner Burchmore: You do not govern the rate of interest by the earnings of the road?

Mr. Keyes: No, sir.

Examiner Burchmore: Has the road paid any dividends?

Mr. Keyes: No, sir.

Examiner Burchmore: Has it a surplus?

Mr. Keyes: It has no surplus cash. It has a surplus account—a Profit and Loss Account—but the funds have all been used 3536 in additions and betterments and paying off the indebtedness.

Examiner Burchmore: What was the original cost—the cost of the road as far as you are concerned?

Mr. Keyes: The road and equipment has cost us \$491,651.74

up to June 3,—the last fiscal year.

Examiner Burchmore: What is this surplus you have referred to in amount?

Mr. Keyes: May I look at the report? Examiner Burchmore: Certainly.

Mr. Keyes: \$127,936.04 on June 30, 1910.

Examiner Burchmore: Is that a cash surplus or book surplus?

Mr. Keyes: It is a book surplus.

Examiner Burchmore: And where is it in money?

Mr. Keyes: It has been used in additions and betterments, and, to some extent, in reducing our indebtedness. No dividends have been declared.

Examiner Burchmore: I know very little about accounting, and don't know what it all means, but I assume that our accountant will. It is all shown in your annual report, at any rate?

3537 Mr. Keyes: Yes, sir.

Examiner Burchmore: Who is the creditor of the Kentwood and Eastwood Railroad Company?

Mr. Keyes: E. F. Brooks of Minneapolis.

Examiner Burchmore: Is he the President of the Brooks Scanlan Company?

Mr. Keyes: He is Vice-President of that Company.

Examiner Burchmore: Are the other officers of the railroad Company also officers of the lumber company?

Mr. Keyes: The President, Vice-President, and Secretary and

Treasurer are—they hold offices in both companies.

Examiner Burchmore: You are not an officer of the Lumber Company?

Mr. Keyes: No. sir.

Examiner Burchmore: Your entire compensation is paid by the railroad company?

Mr. Keyes: All of it.

Examiner Burchmore: And your entire time devoted to its service?

Mr. Keves: Entirely.

Examiner Burchmore: What other officers of the railroad company are paid for their services?

3538 Mr. Keyes: The President, Vice-President and-

Examiner Burchmore: State their salaries, if you will? Mr. Keyes: The salary of the President and Vice-President—I will have to explain that—it is \$7500.00 a year each?

Examiner Burchmore: From the Railroad Company?

Mr. Keyes: No, I will explain that later. The salary of the Secretary is \$5,000.00 making a total of \$20,000.00. This is divided between the Brooks Scanlan Company and the Railroad Company in the proportion of the capital stock or practically so.

Examiner Burchmore: What is the proportion of the capital

stock?

Mr. Keyes: It is about one to fifteen. In other words, we pay about \$1200.00 a year—that proportion of the salary of those officers.

Examiner Burchmore: In your opinion, is that a reasonable division?

Mr. Keves: I think so.

Examiner Burchmore: Of salaries?

Mr. Keyes: I think so.

Examiner Burchmore: Do the directors receive a \$20.00 gold piece for attending Directors' meetings?

3539 Mr. Keyes: Not that I know of.

Examiner Burchmore: That is the custom with the larger railroad lines, I understand. I understand that aside from any legal question, that the tap line corporations and the lumber corporations are substantially identical in interest through stock ownership?

Mr. Keyes: Both are controlled by the same interest.

Examiner Burchmore: How many men are there in the general offices of the railroad?

Mr. Keyes: In the general offices?

Examiner Burchmore: Yes?

Mr. Keyes: Myself—there are four.

Examiner Burchmore: Who receive their entire compensation from the railroad Company?

Mr. Keyes: Yes sir.

Examiner Burchmore: Do they devote their entire time to the Railroad Company?

Mr. Keyes: Yes, sir.

Examiner Burchmore: What stations do you have—what stations has the Company—I mean, stations that are designated with names?

Mr. Keyes: Well, we have many of them.

540 Examiner Burchmore: Which of those stations have station

buildings and which ones have agents?

Mr. Keyes: Well, we have a number of stations where we have no agent, but where we have passenger pagodas. Our first station building outside of Kentwood is at Mount Herman. That is a point with about 100 inhabitants, and we have an agent there. Do you want me to explain the industries at this place.

Examiner Burchmore: Yes.

Mr. Keyes: At that point, there is one bank, one saw mill, and one gin and four merchants. At Brockdale, a place of one hundred inhabitants, there is one saw mill, two gins and four merchants. At Warnerton, 175 inhabitants, one mill one gin and four merchants. At Hackley, about 400 inhabitants, four mills, six gins, 15 merchants and two stills. These points have all agents.

Examiner Burchmore: Do the agents at those points devote their

entire time to the Railroad Company's service?

Mr. Keyes: Yes sir.

Examiner Burchmore: They are not storekeepers who work for the Railroad too?

Mr. Keyes: No sir, purely railroad employees. Then we 3541 have a large number of other stations where there are saw mills located where there are really a few people.

Examiner Burchmore: Well, review them very briefly.

Mr. Keyes: Well, I might say that at these other stations, at Hackley, which I mentioned, we have three banks.

Examiner Burchmore: Yes?

Mr. Keyes: And also Mount Herman. There are 22 mills there small mills—located on the two lines, in addition to those I have just enumerated, in which the Brooks Scanlan Company has no interest whatever. In addition to that, there is one mill that is sawing for Brooks Scanlan, and two that are owned by Brooks Scanlan Company.

Examiner Burchmore: Do these mills obtain their lumber from

land owned by Brooks Scanlan Company?

Mr. Keyes: No sir.

Examiner Burchmore: Is there any further statement you wish to make as to industries and towns on your line? Does that complete the statement?

Mr. Keyes: Well, I think I have mentioned that at Kentwood— Kentwood is a town of over four thousand people—and we have an agent and have large shops—quite a large transfer force—

3542 station force. We have about 800 to 1000 feet of platform for transferring lumber and a steam derrick used for that purpose and a freight hoist one hundred and fifty feet in length. And

there are about a hundred and twenty five or thirty merchants, I guess in Kentwood.

Examiner Burchmore: I thought Kentwood is on the Illinois

Central.

Mr. Keyes: Yes, but we have joint rates with New Orleans and Kentwood, and also do business-

Examiner Burchmore: You enable the N. O. & G. N. to go into

Kentwood?

Mr. Keves: Yes sir.

Examiner Burchmore: Has that resulted in any reduction in rates to Kentwood merchants?

Mr. Keyes: No sir we publish the same rates. Examiner Burchmore: They get better service?

Mr. Keves: Yes sir.

Examiner Burchmore: Has the Brooks Scanlan Company any engines or cars of its own?

Mr. Keyes: Yes sir.

Examiner Burchmore: What use is made of those locomotives? Mr. Keves: They use them on their logging spurs.

Examiner Burchmore: But they don't move over your 3543

Mr. Keyes: Except from their headquarters Camp to their different logging spurs.

Examiner Burchmore: They have trackage rights have they? Mr. Keyes: There is no agreement but we allow them to use our tracks in reaching their own logging spurs.

Examiner Burchmore: Without charge?

Mr. Keves: Without charge.

Examiner Burchmore: Do the track or road employees of the railroad Company perform any services on behalf of the Brooks Scanlan Lumber Company?

Mr. Keyes: No sir; with one exception; on the narrow gauge line, the Lumber Company has a spur out about 12 miles from Kentwood-a logging spur which they have constructed and which they maintain. We do run our engines in on that track for logs, and for doing so we receive additional revenue.

Examiner Burchmore: What is that revenue?

Mr. Keyes: It is an additional revenue of \$1.00 per car. Examiner Burchmore: For the service up to your line? 3544 Mr. Keyes: Yes sir; by doing that, we get that additional revenue?

Examiner Burchmore: Do you have any passenger trains?

Mr. Keves: I might state that this is the only instance in which our engines perform that service. Heretofore, the Brooks Scanlan Company have always had an engine out there.

Examiner Burchmore: How long have you been doing that? Mr. Keyes: Some few months-to deliver their loads to the Main

line: that is what they are supposed to do.

Examiner Burchmore: Do you have any passenger trains or mixed trains?

Mr. Keyes: Yes sir.

Examiner Burchmore: How many?

Mr. Keyes: On the Hackley line, we run a straight passenger train daily between Hackley and Kentwood. . In the morning, we run a passenger train making connection between Hackley and Warnerton, with the New Orleans and Great Northern southbound passenger train, and in the evening we make another run to make

connection with the New Orleans and Great North- -bound passenger train. That is between Hackley and Warnerton. Examiner Burchmore: These trains run on a regular

schedule?

Mr. Keyes: Yes sir.

Examiner Burchmore: You have a time table?

Mr. Keyes: Yes sir.

Examiner Burchmore: Will you offer a copy of that in evidence?

Mr. Keyes: Yes sir.

Examiner Burchmore: How many freight or logging trains do

you run daily?

Mr. Keyes: Well, in addition to that train, on the Bolivar line, we run two schedule mixed trains daily-two each way-that handles no logs whatever; that is a commercial business. On the narrow gauge line, we also run our local freight train each way daily except Sundays; it handles no logs whatever.

Examiner Burchmore: Do you have any log trains in addition to

this?

Mr. Keves: Yes sir.

Examiner Burchmore: Are they regularly scheduled?

3546 Mr. Keyes: Yes sir.

The time table requested by the Examiner was at this time offered and identified, and was received in evidence and thereupon marked Kentwood and Eastern Railway Company Exhibit No. 1, received in evidence December 14, 1910, page - and is attached hereto.

Examiner Burchmore: You carry passengers of course?

Mr. Keyes: Well, we carry passengers on our mixed trains and passenger trains, not on local freight trains or logging trains.

Examiner Burchmore: They buy tickets?

Mr. Keyes: Yes sir.

Examiner Burchmore: And sometimes pay fares?

Mr. Keyes: Yes sir.

Examiner Burchmore: You carry the United States Mail?

Mr. Keyes: Yes, a daily average of 4.92 pounds. Examiner Burchmore: Do you carry express?

Mr. Keyes: We handle-the American Express Company operates over our Hackley line.

Examiner Burchmore: They have a messenger?

Mr. Keyes: Our conductor acts as messenger jointly.

Examiner Burchmore: He is paid for that? 3547

Mr. Keyes: Yes, sir. Examiner Burchmore: With respect to your freight traffic, in a general way, that can be obtained from your annual report filed with the Commission?

Mr. Keyes: Yes sir.

Examiner Burchmore: Have you any other data?

Mr. Keyes: I can give you the tonnage and revenue, if you wish.

Examiner Burchmore: Read the figures.

Mr. Keyes: During the year—the fiscal year—ending June 30th, 1910, we handled a total tonnage of 351,566 tons.

Examiner Burchmore: Just a moment-

Mr. Keyes: That statement is not in shape to file. Of this amount the Brooks Scanlan Company logs amounted to 250,014 tons or 82.9 per cent; other freight of the Brooks Scanlan Company amounted to 64,020 tons or 21 per cent, and freight shipped by others 45,132 tons or 15 per cent. I should have said that the other freight of the Brooks Scanlan Company amounted to 6420 tons or 2.1 per cent. Now, I have included in this 6,420 of Brooks Scanlan freight.

2,926 tons that went to their contractors which I presume

you consider the same thing.

Examiner Burchmore: That is correctly included.

Mr. Keyes: The total revenue was \$211,427.89; of this amount \$139,996.50 or 72.4 per cent—do you want the freight or the total

Examiner Burchmore: The freight.

Mr. Keyes: The freight was—72.4 per cent of the freight accrued on Brooks Scanlan logs. \$5,201.01 or 2.7 accrued on Brooks Scanlan other freight; \$48,097.40 or 24.9 per cent accrued on freight shipped by others. Passengers and other things amounted to \$18,-000.00 or 9.8 per cent.

Examiner Burchmore: The particulars are given in the annual

report?

Mr. Keves: Yes sir.

Examiner Burchmore: But the figures in reference to the division of freight tonnage are not shown?

Mr. Keyes: The total tonnage and total revenue is shown in the

report; the division I guess, is not.

Examiner Buy amore: Your Company had a tariff for passenger fares?

Mr. Keves: Yes sir.

Examiner Burchmore: Is that filed with the Interstate 3549 Commerce Commission?

Mr. Keves: Yes sir.

Examiner Burchmore: You are sure of it? Mr. Keyes: Yes sir I am pretty certain.

Examiner Burchmore: Does the freight tariff name the rates over this line?

Mr. Keves: Yes sir.

Examiner Burchmore: Reference will be made to our tariff files for this tariff.

Mr. Keyes: I have even the index.

Examiner Burchmore: Is that index on file with the Commission?

Mr. Keves: Yes sir.

Examiner Burchmore: Then there is no need to file it here.

Mr. Keyes: All right.

You participate in joint through class rates varie time Firence Course ! Railroad?

The and in the New Orleans and Great Northern rate. Are all the stations on your line grouped TORGETHER STREET,

The No Our class and commodity rates from Chicago, Cincinnati or St. Louis, etc. - New Orleans to OME - MICH THE RES TRUE PROBLE

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That amounts to two cents per hundred TO SECURITY OF THE PARTY OF THE

The Name Address of the Party

Tammer What divisions does your company receive out of the same of impley

The real rate from Hackley, we receive four cans be transfer charge on Hunter and Foley, we receive and the transfer when there is any, and on

The same records two and a half cents per hundred plus the Date Indicate Black

Then, the lowest division you re-CHEST ISSUED ADDRESS OF THE PARTY OF THE PAR

Mr. Keyes: Yes sir.

Examiner Burchmore: Is there any lumber traffic on which you receive no commission?

Mr. Keyes: On which what?

Examiner Burchmore: On which you receive no division-on which you earn nothing?

Mr. Keyes: No sir. Mr. Reed: Explain that?

Examiner Burchmore: Do you handle any lumber on which you

do not get a division with the Illinois Central?

Mr. Reed: You can explain that. His question does not mean that you do not get a compensation from the railroad but that you don't get compensation at all for?

Examiner Burchmore: Well, either way.
Mr. Keyes: Well, now you understand, on these rates I have just mentioned, these divisions-our proportion of the through rate-that does not come out of the Illinois Central rate.

Examiner Burchmore: It comes out of the through rate? 3553

Mr. Keyes: Certainly.

Examiner Burchmore: Are there any through rates out of which you receive no division at all?

Mr. Keyes: From the Illinois Central?

Examiner Burchmore: In which the Illinois Central takes the whole rate?

Mr. Keyes: There are shipments which are billed on the sums of the locals.

Examiner Burchmore: To what territory?

Mr. Keyes: Well, to points south of the Ohio river; principally our through rates are to points north of the Ohio and East of the Mississippi river.

Examiner Burchmore: What are your local rates in a general

way?—Higher or lower than the division?

Mr. Keyes: A little higher.

Examiner Burchmore: Do those through rates carry a milling in transit provision?

Mr. Keves: No.

Examiner Burchmore: You receive from three and a half cents to four cents division. Just what service do you render for that division?

Mr. Keyes: Well now-you are speaking of miscellaneous 3554

lumber shipments?

Examiner Burchmore: No, I refer to shipments handled for the Brooks Scanlan Lumber Company.

Mr. Keves: From the woods to the Illinois Central?

Examiner Burchmore: Yes.

Mr. Keves: Well, we handle the logs to the mill. Examiner Burchmore: Under any billing?

Mr. Keyes: There is no billing that accompanies each car.

Examiner Burchmore: It is filled out afterwards?

Mr. Keyes: We have a daily report from our conductor on each car of the lumber they handle and where received, and we also have a record on our despatcher's train sheets against which we check the conductor's reports.

Examiner Burchmore: You unload logs at the mill?

Mr. Keyes: No sir.

Examiner Burchmore: What additional service do you render?

Mr. Keves: We do nothing but haul the logs to the Mill.

Examiner Burchmore: The Illinois Central hauls them away from the Mill?

Mr. Keyes: They haul the lumber.

3555 Examiner Burchmore: They set the empty car at the mill?

Mr. Keyes: Yes sir.

Examiner Burchmore: The practices of your road, so far as the Illinois Central shipments are concerned, are about the same as those of one or two other companies we have had to-day?

Mr. Keves: Practically so.

Examiner Burchmore: Is there any representative from the Illinois Central, as to why you get a division?

Mr. Keyes: We charge a regular tariff rate to the mill, depending

on the distance the log is handled.

Examiner Burchmore: Five or six cents?

Mr. Keyes: Two and a half and three cents. Our local log tariff is two and a half cents for a distance of 15 miles; further than fifteen miles, three cents, and we haul all logs to the mill at tariff rates. On shipments moving out that are sawed from these logs going to points at which we have through rates, our claim is made up—

Examiner Burchmore: In the manner described this morning?

Mr. Keyes: Yes sir.

Examiner Burchmore: I think we are informed with respect to that.

3556 Mr. Keves: Credit for the amount is given.

Examiner Burchmore: How about the New Orleans and Great Northern shipments?

Mr. Keyes: We have no rates to points north. We have through

rates to New Orleans and Slidell.

Examiner Burchmore: You haul lumber to the New Orleans and Great Northern on shipments to New Orleans do you?

Mr. Keyes: Yes sir.

Examiner Burchmore: From your mill?

Mr. Keyes: There has been -o shipment moving from Kentwood up to the present time.

Examiner Burchmore: Where do the shipments move from?

Mr. Keyes: From towns along our narrow gauge line.

Examiner Burchmore: Have you any mill on that narrow gauge line?

Mr. Keyes: None of our own.

Examiner Burchmore: The New Orleans and Great Northern gets no Brooks and Scanlan Company lumber?

Mr. Keyes: No sir.

Examiner Burchmore: All the Brooks Scanlan Company lumber goes over the Illinois Central.

3557 Mr. Keyes: Except such as they may ship locally.

Examiner Burchmore: Now, our questions so far have appiel to the Brooks Scanlan Company lumber. How about lumber handled for other interests that have no relation to the Brooks Scanlan Lumber Company. What service do you render there?

Mr. Keyes: We handle the Lumber to the Illinois Central for our

proportion of the freight.

Examiner Burchmore: You get no haul on the logs?

Mr. Keyes: No sir.

Examiner Burchmore: You receive the same net revenue as the railroad, in the end, on Brooks Scanlan stuff, that you get on other people's stuff?

Mr. Keves: Exactly.

Examiner Burchmore: Your road has a supply of tickets and way bills?

Mr. Keyes: Yes sir.

Examiner Burchmore: Bills of Lading, etc.

Mr. Keyes: Yes sir.

Examiner Burchmore: Where are your general offices?

Mr. Keyes: At Kentwood.

Examiner Burchmore: In the same building with the depot there?

Mr. Keyes: We are in the same building as the Brooks Scanlan Company.

Examiner Burchmore: In the same building as the Brooks Scanlan Company, I mean?

Mr. Keyes: Yes sir.

Examiner Burchmore: Do you use the Illinois Central depot at Kentwood?

Mr. Keyes: Well, it is right nearby, we have no depot. We have transfer facilities and all that.

Examiner Burchmore: The Illinois Central issues Bills of Lading on outbound lumber?

Mr. Keves: Yes sir.

Examiner Burchmore: From the Brooks Scanlan Lumber Company mills?

Mr. Keyes: Yes sir.

Examiner Burchmore: In the same manner described this morning in the cases o- other roads?

Mr. Keyes: Yes sir.

Examiner Burchmore: Your road files a report with the Interstate Commerce Commission as required by the act to regulate 3559 commerce?

Mr. Keyes: Yes sir.

Examiner Burchmore: Do you keep your accounts in conformity with the prescribed system of accounts?

Mr. Keves: Yes sir.

Examiner Burchmore: Do you ever have any accidents on the road?

Mr. Keyes: Very few.

Examiner Burchmore: Do you report those to the Commission?

Mr. Keyes: Yes sir.

Examiner Burchmore: Are your cars equipped with safety appliances?

Mr. Keyes: All that are required to be by the commission.

Examiner Burchmore: Do you post your tariff at the stations? Mr. Keves: Yes sir.

Examiner Burchmore: Have you a resident agent in Washington?

Mr. Keyes: Yes sir

Examiner Burchmore: Do you have resident agents at all the stations? You know the new law requires the Railroad Company to have a resident agent at each station whose name must be posted at the depot, and to whom the general public can go for

560 information respecting rates, etc.

Mr. Keyes: I don't believe we have a resident agent. Examiner Burchmore: I suggest that you look into that phase of the law.

Mr. Keyes: Where can that be found?

Examiner Burchmore: In the act to regulate commerce, as

amended at the last session of Congress.

Mr. Keyes: I know we sent out placards to all our stations but I really have forgotten what that was for. I know I copied it out of the act.

Examiner Burchmore: Well, if you complied with that, all right; if you have not do so.

Mr. Keyes: I know I studied it over. I have forgotton just what

it covered.

Examiner Burchmore: Your train men work in accordance with the hours of service law?

Mr. Keyes: Generally. Sometime they work over, but it is only when caused by accident or something of that kind.

Examiner Burchmore: You have the valuation of the road and equipment?

Mr. Keyes: Yes sir.

Examiner Burchmore: You stated that the road has not paid dividends?

Mr. Keyes: No sir.

Examiner Burchmore: Is the C. H. Stevens Logging Company on your line?

Mr. Keyes: The Stevens Logging Company used to saw for the Brooks Scanlan people.

Examiner Burchmore: Is that the Foley people?

Mr. Keyes: Yes sir.

Examiner Burchmore: Has the Stevens Logging Company gone out of business?

Mr. Keyes: Yes sir.

Examiner Burchmore: Who succeeded it?

Mr. Keyes: J. E. Hurd & Co. Examiner Burchmore: Spell it,

Mr. Keyes: H-u-r-d.

Examiner Burchmore: Where located?

Mr. Keyes: At Scanlan where the Stevens Logging Company used to be located.

Examiner Burchmore: That is not the Company that sends logs

to Foley?

Mr. Keves: No sir.

Examiner Burehmore: What do they do-cut logs?

Mr. Keyes: They do the logging for the Brooks Scanlan 3562 Company-load logs on cars and deliver the cars to the main line of the Kentwood and Eastern Railroad Company. They construct all the logging spurs. The Stevens Logging Company used to be contractors for the Brooks Scanlan Company.

Examiner Burchmore: This two cent allowance that the Illinois

Central refunds at the end of the month-

Mr. Keyes: Two and a half.

Examiner Burchmore: Two and a half cents-who does that go to?

Mr. Keyes: Well, it goes back to the shipper for the reason that

they are charged full freight on their logs.

Examiner Burchmore: It goes back to the Brooks Scanlan Company?

Mr. Keyes: Yes sir.

Examiner Burchmore: Does it go back to other people on the line that ship lumber?

Mr. Keyes: No, for the reason that, in the first place, they are only charged the actual rate.

Examiner Burchmore: The net rate, in the first place?

Mr. Keyes: Yes sir. It is impossible to do that on a mill-

ing in transit proposition. 3563

Examiner Burchmore: It seems to me that the Brooks Scanlan Company are better off at the end of the transaction by two and a half cents than their competitors. Maybe I am wrong about that?

Mr. Keves: I think so.

Examiner Burchmore: Does the Brooks Scanlan Company pay the same amount substantially in the end on its log and lumber shipments over the Illinois Central as those other people pay?

Mr. Keves: Exactly.

Examiner Burchmore: Did you ever complain of the car supply of the Illinois Central?

Mr. Keyes: We have complained to the Illinois Central.

Examiner Burchmore: Is your car supply reasonably satisfactory? Mr. Keyes: Well it is pretty satisfactory right at the present time. It has not been all along in the past,

Examiner Burchmore: Does any officer of the Illinois Central Railroad Company own any stock in the Kentwood and Eastern Railway Company?

Mr. Keves: No, sir.

3564 . Are they interested in the Brooks Scanlan Company? Mr. Keves: No, sir.

Examiner Burchmore: Neither the railroad nor its officers are interested in this enterprise?

Mr. Keyes: None whatever.

Examiner Burchmore: Who are the Brooks Scanlan people? Mr. Keyes: Well, Mr. M. J. Scanlan is of Minneapolis, Minnesota.

Examiner Burchmore: What is his business?

Mr. Keyes: Lumberman.

Examiner Burchmore: With interests elsewhere in the country?

Mr. Keves: Yes sir.

Examiner Burchmore: Extensive interests?

Mr. Keyes: Yes, sir.

Examiner Burchmore: Who are the others?

Mr. Keyes: D. F. Brooks, A. S. Brooks, and E. R. Brooks.

Examiner Burchmore: Who are the Messrs. Brooks?

Mr. Keyes: Who are they? Examiner Burchmore: Yes.

Mr. Keyes: They are lumbermen, all of them in Minneapolis.

Those four are the principal stockholders.

3565 Examiner Burchmore: Are they interested in any other lumbering operations on the Illinois Central so far as you know?

Mr. Keyes: No sir.

Examiner Burchmore: What are their other interests?

Mr. Keyes: They have timber in Oregon—out there; not as the Brooks Scanlan Company, but interested personally—in Oregon—and they have several large tracts in British Columbia, and the Bahama Islands.

Examiner Burchmore: None in this part of the country-in the

South?

Mr. Keyes: As I say, they have operations in the Bahama Islands. Examiner Burchmore: None in the southern states?

Mr. Keyes: I don't know but what they have some timber in Florida.

Examiner Burchmore: Are there any questions you desire to ask Mr. Reed?

Mr. Reed: Yes. Mr. Keyes, how is the assessment of your road

Mr. Keyes: It is made by the state Board of assessors on valua-

3566 Mr. Reed: Your Honor understands that the Parish assessor, assessing ordinary property, and we have a separate Board of assessment for public carriers.

Examiner Burchmore: That has been stated in other cases today.

Mr. Reed: It was stated with respect to the State of Mississippi, and it is also true in the State of Louisiana.

Examiner Burchmore: I believe the Granada, Greensburg and Southwestern said so. What kind of a railroad is that?

Mr. Keyes: Which?

Examiner Burchmore: Your competitor, the Granada, Greensburg and Southwestern?

Mr. Keyes: It is like our narrow gauge line.

Examiner Burchmore: A first class railroad I guess?

Mr. Keyes: I guess pretty fair for a narrow gauge railroad.

Examiner Burchmore: As good as yours?

Mr. Keyes: I don't think so.

Examiner Burchmore: You are going to connect up with it? Mr. Keyes: Not that we have any intention of doing so. 3567

Examiner Burchmore: You are not going to be a part of that trunk line—the K. G. & S. W. and the N. O. & G. N.? Mr. Brady: It is our purpose to submit just such a proposition. That is our purpose, to submit that very proposition; we have figured, it all out. That was our intention.

Mr. Reed: Are you not also exempt to a part of your railroad during a number of years, under a constitutional exemption for railroads provided for in the constitution of the State of Louisiana?

Mr. Keyes: Yes sir.

Mr. Reed: Speaking of hauling timber for the Brooks Scanlan Lumber Company, how far on your narrow gauge road east of Kentwood have they timber to haul?

Mr. Keyes: Why, their hauling now is from what we call 12 mile I think they have a little timber east of that point but very spur.

little.

Mr. Reed: And your railroad runs out about 18 miles further east?

Mr. Keyes: Yes, further east than 12 mile spur.

Examiner Burchmore: Why did you build it for that distance?

Mr. Keyes: We did not; the road was already built when 3568 we took possession.

Examiner Burchmore: Why was it built? Was their timber

there?

Mr. Keyes: The original owners had a body of timber out there. In fact, our company has logged some timber within a few miles of there, but it is practically exhausted, so far as their holdings are concerned.

Mr. Reed: Hackley is in Washington Parish?

Mr. Keyes: Yes sir.

Mr. Reed: And since cutting the timber out in Washington Parish, or more than 12 or 13 miles east of Kentwood, you still maintain the road east of the eastern limit of the Brooks Scanlan Company's timber, about 18 miles?

Mr. Keyes: About 18 miles, yes sir.

Mr. Reed: Do you remember when they quit cutting out east of the 12 mile point?

Mr. Keyes: I think it has been something like a year.

Mr. Reed: You still continue to run the road over to Hackley?

Mr. Keyes: Yes sir. 3569

Mr. Reed: Mr. Keyes, you received regular instructions from the Interstate Commerce Commission in regard to the equipment of your road and schedules and all that?

Mr. Keyes: Yes sir.

Examiner Burchmore: That question does not mean much, because the Interstate Commerce Commission's bureaux send letters and instructions to everybody whose names appear in any railroad guide book of any character.

Mr. Reed: I will ask you this: you are recognized by the State

Railroad Commission as being a subject to its jurisdiction?

Mr. Keyes: Yes sir. Mr. Reed: Speaking of your passenger trains you are running them according to schedule and under the order of the Louisiana Railroad Commission?

Mr. Keves: We are compelled to put on regular passenger trains

by the Commission.

Examiner Burchmore: You have heard the request made on other companies for maps showing the settlements, etc. Perhaps that tonnage statement will suffice?

Mr. Keyes: I have got another separation there. 3570

Examiner Burchmore: That will suffice, but I request a map.

Mr. Reed: Of both the roads?

Examiner Burchmore: Of both parts; it is all called for of the whole line. The character of map already described today.

Mr. Reed: Where shall we forward this?

Examiner Burchmore: To the Interstate Commerce Commission with mention of this case. Is there any other statement you wish to make, Mr. Keyes?

Mr. Keves: I have made an estimate of the lumber shipments

since July 1, or from July to October inclusive, of this year.

Mr. Reed: That is included in the statement, a copy of which you have filed. Do you intend to file that?

Mr. Keyes: It is not exactly in order.

Mr. Reed: No.

Mr. Keyes: That was a copy I had.

Examiner Burchmore: Give it to the stenographer to check the figures from. I would not put it in the record unless you desire to offer it in evidence.

Mr. Reed: I expect it will save time. 3571

Examiner Burchmore: Is there any objection to putting it in evidence.

Mr. Keyes: I don't know that there is.

Examiner Burchmore: We will take it for what it is worth. Is there any further statement, Mr. Keyes? It seems to me that Mr. Reed has covered the road rather fully?

Mr. Reed: If there should be any other information you want, we

will be very glad to furnish it.

Examiner Burchmore: The Commission will request any further information that it may feel it is necessary, but if you feel you have left out any points and it is material, you are at liberty to advise the commission in the form of a written communication which will be placed in the record and given such weight as it may seem to merit. but I would advise you not to do that unless the matter that you have omitted seems to be very important. Will you also kindly file your division sheets?

Mr. Keyes: The division sheets and maps?

Examiner Burchmore: Yes sir.

Mr. Keves: All right.

Kentwood and Eastern Railway Company. 3572

G. A. Keyes, recalled, testified as follows:

I failed to state in the examination that our narrow gauge line from Kentwood to Mile Post, and from Bolivar Junction to Hackley, a mileage of 28.28 miles is leased by the Kentwood and Eastern Railway Company from the Brooks Scanlan Company.

Examiner Burchmore: On what basis?

Mr. Keyes: At an annual rental of \$10,000.00 and taxes. Examiner Burchmore: Well, what is the value of that road? Mr. Keyes: Well, we don't know what it cost, but the Lumber Company figured it about \$120,000.00.

Examiner Burchmore: Do you maintain the line?

Mr. Keves: Yes, sir.

Examiner Burchmore: The railroad maintains the line?

Mr. Keyes: Yes, sir.
Mr. Reed: There is one other statement you omitted to make. Mr. Keyes: The number of passengers we handled last year was not brought out.

Mr. Reed: That is shown by your annual report? Mr. Keves: Yes, but I have figured it the first four 3573 months of this present fiscal year?

Mr. Reed: And what is that?

Mr. Keyes: On the basis of those figures during the present fiscal year, we will have handled over 53,000 passengers.

Examiner Burchmore: At a revenue of-Mr. Keves: It figures three cents a mile. Examiner Burchmore: Is that all?

Mr. Keyes: I don't know that there is anything else, unless you want to know something else about the rental. The mileage between Kentwood and Hackley is 30.02, but part of that original line has been abandoned.

Mr. Reed: The Kentwood and Eastern Railway Company has

constructed and owns a mileage equal to that abandoned.

The estimate- of lumber shipments referred to by the wit-3574 ness, Mr. Keyes, on pages 198-199 were not filed with the stenographer.

By Mr. REED:

and thereupon marked "Defendants' Exhibit 'A,' received in evidence, Index containing list of tariff publications in effect on November 1st, 1909, marked Exhibit "A."

The document so offered and identified was received in evidence and thereupon marked "Defendant's Exhibit 'A,' received in evidence December 13, 1910," page —, and is attached hereto.

By Mr. REED:

We also offer freight tariff covering allowances for mileage on

1450

private cars, issued September 29, 1909, and effective of November

The document marked "B," the said freight tariff, so offered and identified was received in evidence, and ther upon marked "Defendant's Exhibit 'B', received in evidence December 13, 1910," page -, and is attached hereto.

By Mr. REED:

Counsel for defendant further offers in evidence, local distance tariff of class and commodity rates applying between all stations on traffic having origin, destination and entire transportation within the State of Louisiana for the Kentwood and Eastern Railway, issued September 29th, 1909, effective October 20th, 1909, marked

Defendant's Exhibit "C."

The document so offered and identified was received in 3575 evidence and thereupon marked "Defendant's Exhibit 'C,' received in evidence December 13, 1910," page -, and is attached hereto.

By MR. REED:

Counsel for defendant further offers and files in evidence, Car service rules and rules governing the furnishing of cars for the Kentwood and Eastern Railway Company, issued September 15, 1909, effective intrastate, September 20, 1909, and interstate, October 15, 1909, marked Defendant's Exhibit "D."

The document so offered and identified was received in evidence and thereupon marked "Defendant's Exhibit D," received in evi-

dence December 13, 1910, page —, and is attached hereto.

By Mr. REED:

Counsel for defendant further offers in evidence, Local Distance tariff of Class and Commodity rates applying between all stations on Interstate Traffic only, for the Kentwood and Eastern Railway Company, issued September 29, 1909, effective November 1st, 1909, marked Defendant's Exhibit "E."

The document so offered and identified was received in evidence, and thereupon marked "Defendant's Exhibit 'B,' received in evidence December 13, 1910," page -, and is annexed 3576

hereto.

Doniphan, Kensett and Searcy Railway Company. 3577

(Appearance, W. L. Stocking, Esq., Attorney.)

H. R. KILPATRICK, was called as a witness, and being first duly sworn, testified as follows:

Direct examination.

Examiner Burchmore: What is your occupation Mr. Kilpatrick? Mr. Kilpatrick: Secretary-Treasurer and General Manager of the Doniphan, Kensett and Searcy Railway Company and also Treasurer and General Manager of the Doniphan Lumber Company.

Examiner Burchmore: I assume it is a fact, Mr. Kilpatrick that the Doniphan, Kensett and Searcy Railway Company in a substantial sense, is controlled by the stockholders of the Doniphan Lumber Company through ownership of a majority of the stock?

Mr. Kilpatrick: Yes, sir.

Examiner Burchmore: Will you describe just in a general and

substantial way, that control?

Mr. Kilpatrick: Mr. Carter is President of the Doniphan Lumber Company and also the Doniphan Railroad Company and of course is Chief Executive. I am General Manager of both companies and have charge of local conditions.

3578 Examiner Burchmore: Well, are the stockholders of the

two companies identical?

Mr. Kilpatrick: Yes, sir.

Examiner Burchmore: And do the stockholders own their stock in proportion?

Mr. Kilpatrick: Yes, the stockholders of the Railroad own stock in the same proportion that they do in the lumber company.

Mr. Stocking: Pardon the interruption. There are a few shares held for purposes of organization, on the outside.

Examiner Burchmore: The Doniphan Railroad connects with the Iron Mountain at Kensett, Arkansas?

Mr. Kilpatrick: Yes, sir.

Examiner Burchmore: And with the Rock Island at Searcy, Arkansas?

Mr. Kilpatrick: Yes, sir.

Examiner Burchmore: What is the Missouri and North Arkansas road?

Mr. Kilpatrick: You can call it a truck line, but — is a line of some three hundred or more miles from Joplin, Missouri, to Helena, Arkansas.

3579 Examiner Burchmore: Is that controlled by the same lumber interests?

Mr. Kilpatrick: No, sir, that is owned and controlled by Mr. Princis and Mr. Scolan principally—St. Louis capitalists.

Examiner Burchmore: Is the Railroad entirely divorced from milling operations?

Mr. Kilpatrick: I think, so far as I know.

Examiner Burchmore: Is it part of any railroad system? Mr. Kilpatrick: None at all according to my knowledge.

Examiner Burchmore: You also connect with that railroad at Searcy?

Mr. Kilpatrick: We do.

Examiner Burchmore: What sort of country does your railroad traverse?

Mr. Kilpatrick: It is level, comparatively flat country.

Examiner Burchmore: Timbered?

Mr. Kilpatrick: No, sir.

Examiner Burchmore: Forests on the line-extensive forests?

Mr. Kilpatrick: No. sir.

3580 Examiner Burchmore: A farming country? Mr. Kilpatrick: Yes, sir. Examiner Burchmore: Are there any forests on the line?

Mr. Kilpatrick: No, sir.

Examiner Burchmore: Are there any forests near the line?

Mr. Kilpatrick: From 12 to 30 miles north of the line, there are extensive forests.

Examiner Burchmore: Are there any private tram lines or log-

gine road connected with the Doniphan Railroad at Searcy?

Mr. Kilpatrick: No, sir.

Examiner Burchmore: Any box factories on the line?

Mr. Kilpatrick: No. sir.

Examiner Burchmore: Stave factories?

Mr. Kilpatrick: Yes, sir, there is. I would like to explain that by saying that there is a stave factory at Searcy, and that their plant is on our connection of the M. & N. A. We could stop cars or unload anything for them there but we have no direct track connection there with them. We did not furnish them a switch. They

are not, strictly speaking, on our line, but we have served

3581 them and could.

Examiner Burchmore: What other industries are there on

the line aside from saw mills?

Mr. Kilpatrick: We serve the oil mill and the plant at Searcy; we have no direct switching to their property, but we run to it at and at various times, we set cars of coal for them on our main line, and at other times, we set empty cars on our main line, for them to load with ice. At other times we deliver commodities to them through a switch and connection with the Rock Island. By paying that switching charge, we can deliver them wherever they like in their property, coal, cotton seed or anything of that character.

Examiner Burchmore: Has this industry any relation with your

road?

Mr. Kilpatrick: None whatever.

Examiner Burchmore: Has Mr. Carter any interest in it?

Mr. Kilpatrick: Not at all.

Examiner Burchmore: Is it wholly unrelated to the lumber and railroad company?

Mr. Kilpatrick: Wholly so.

Examiner Burchmore: What mill has the Doniphan Lum-

3582 ber Company on your line?

Mr. Kilpatrick: We have one plant located at Doniphan.
Examiner Burchmore: Where is that in relation to Kensett?
Mr. Kilpatrick: It is almost due north one and a half miles from

here

Examiner Burchmore: In other words, a mile and a half from the Iron Mountain Junction?

Mr. Kilpatrick: Yes, sir.

Examiner Burchmore: How far from the Rock Island Junction? Mr. Kilpatrick: Approximately five and a half miles.

Examiner Burchmore: When was the road constructed?

Mr. Kilpatrick: That part of it from Doniphan to Kensett, a mile and a half, was constructed in the summer of 1906.

Examiner Burchmore: When was the mill at Doniphan opened?

Mr. Kilpatrick: To the best of my recollection, about the first of 1908.

Examiner Burchmore: Subsequent to the building of the road?

3583 Mr. Kilpatrick: The road was built earlier than the road was completed. The road was built to carry the material when the machinery went into the construction of the mill.

Examiner Burchmore: Then your first junction was with the

Iron Mountain?

Mr. Klpatrick: Yes, at Kensett.

Examiner Burchmore: Where did you get the rails to build the road from?

Mr. Kilpatrick: Leased from the Iron Mountain.

Examiner Burchmore: On what basis?

Mr. Kilpatrick: On the basis, I believe, \$29.50 a ton and an anual rental of 5%.

Examiner Burchmore: Any account for the depreciation—did you take any account of that?

Mr. Kilpatrick: No. sir.

Examiner Burchmore: What does that \$29.50 per ton represent?

What did it represent?

Mr. Kilpatrick: The price of the rail material plus the freight. It was an arbitary price fixed by the Railroad company at which we could buy the rail if we cared to at any time within the

3584 life of the contract or lease. I believe the contract stipulates that if we turn the rail back, whatever is missing or lost and is not in practically the same condition that they turn it over to us in, we have to settle for on that basis.

Examiner Burchmore: Have you subsequently purchased the

rail?

Mr. Kilpatrick: No, sir, we still lease it.

· Examiner Burchmore: If you turn that rail back in 20 years do

you get anything for it?

Mr. Kilpatrick: It would be worthless. It is a pretty hard question. I think we would make it our business to turn it quicker than that if it was going to pieces.

Examiner Burchmore: The Iron Mountain has no use for rusty

rail?

Mr. Kilpatrick: We would give it back.

Examiner Burchmore: Would they pay you \$29.50, or \$10.00,

or something substantially less?

Mr. Kilpatrick: You understand, the lease only runs two years and of course, at any period in there, if the rail got so bad that we thought we had better turn it in we would turn it in.

Examiner Burchmore: It only runs two years longer or

3585 ran two years from the beginning?

Mr. Kilpatrick: In two year periods is my recollection.

Examiner Burchmore: Who constructed the road—a contractor hired by the Lumber Company?

Mr. Kilpatrick: No, sir, the railroad company constructed it and the Lumber Company financed it.

that statement apply to the entire District | District | District |

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When did von build east of Doniphan?

the Manufacture West of Kensett"

West of the line between Kensett and

Mr. Minimizer Time was constructed in 1907.

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Mr. VALUMATIVIST A.

Tournes What seemed to be the two termini or Dente of Commercial at really not termini to the road at all. What in imilding across to Searcy!

The purpose was two-fold. We felt that remainderable amount of commercial business and the railroad facilities of that Lumber

And at the same time receive a higher its in a reserved the connectation of trunk lines with each other OF THE TRANS

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There was no increase in the divisions mentions to other new connection?

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Tammer Have you any mill save that of Doniphan?

The Manuatries Works

Company had any other THE REAL PROPERTY.

We some eleven years they operated a mill in with a soint called Doniphan.

12.30 Samuel Barchman, Doninhan, Missouri? the maintained bestill.

Examiner Turner and they have a tap road there?

Mr. Minumest Not no my knowledge.

Samuel Breezeway Would you know it if they had?

We sir was not connected with that reason. I hesitate to speak.

Then the Lamber Company is an old Control of the state of the sta

The manner Community of the sir.

They formerly operated elsewhere?

The it now operate anywhere else?

the supposers the

Frames Fire was this road originally financed-THE RESERVE THE PROPERTY.

Mr. Kilpatrick: The Lumber Company.

Examiner Burchmore: And took in exchange capital stock?

Mr. Kilpatrick: No.

Examiner Burchmore: Is this a case where the Lumber Company declared a dividend and the stockholders used the dividend to build a railroad or buy its stock? 3588

Mr. Kilpatrick: Not that I know of, no sir.

Examiner Burchmore: That is a perfectly proper way of doing, but I wanted to know if it was done here? How was it financed? Mr. Kilpatrick: Directly by the owners of the Lumber Company. The Lumber Company itself actually furnished the funds.

Examiner Burchmore: And subsequently had railroad stock issued

to cover it?

Mr. Kilpatrick: To the Lumber Company? Examiner Burchmore: To the stockholders?

Mr. Kilpatrick: No, the Railroad company and the lumber company were absolutely separate. When the railroad company needed funds, they called upon the lumber company charged the railroad with the funds and turned them over to the railroad.

Examiner Burchmore: What is the total capital stock of the

railroad company and how much is issued? Mr. Kilpatrick: \$100,000,00 all issued. Examiner Burchmore: Issued for cash?

Mr. Kilpatrick: No, part of it—I think \$12,000.00 was

3589 paid in cash.

Examiner Burchmore: And the balance was paid for out

of the moneys advanced by the Lumber Company?

Mr. Kilpatrick: The balance was issued to take up and pay for the original company which was called the Doniphan, Kensett and Searcy Railroad Company. Mr. Stocking: Mr. Examiner, if you will permit, I can make a

statement which will simplify.

Examiner Burchmore: Yes. Mr. Stocking: There was a railroad company originally called the Doniphan, Kensett, and Searcy Railroad Company-Mr. Witness, you will correct me if I am in error. It was created under the laws of Arkansas, and stock was subscribed and 5% of that \$45,-000,00, making \$2,250,00 was under the laws of Arkansas, paid to the Railroad Company and all of the stock issued. The Railroad Company then constructed the idea and the lumber company fur-In 1899, there nished the funds from time to time as it needed it. was a re-organization by which a new corporation was organized under the laws of Arkansas, by the name of the Doniphan, Kensett and Searcy Railway Company, organized under the provisions of the Arkansas statute by which a corporation-a railway cor-

poration-may be organized for the purpose of purchasing 3589a another railroad, and paying for it in its stock. \$12,000.00 of stock subscribed to the Doniphan Kensett and Searcy Railway by the same stockholders who paid that \$12,000.00 at full par value in cash out of their net funds. The balance of the \$100,-000.00 was turned over to the old Company, the railroad company, for the balance, and was by the old Arkansas Company, distributed by way of a dividend to its stockholders. Do I make that plain? Examiner Burchmore: That is your understanding, Mr. Kilpat-

rick?

Mr. Kilpatrick: Yes, sir.

Mr. Stocking: If I said 1899 I meant 1909, when the new company was organized.

Examiner Burchmore: I think that that is apparent. Has the

Railroad any bonded indebtedness.

Mr. Kilpatrick: No sir.

Examiner Burchmore: Has it any indebtedness other than current liabilities?

Mr. Kilpatrick: I believe not, it owes the Lumber Company still, but has no bonded indebtedness or anything of that sort. 3590 Examiner Burchmore: What does it owe the Lumber

Company?

Mr. Kilpatrick: Mr. Smythe there is the auditor.

Mr. Stocking: We will put the auditor on the stand if your Honor pleases.

Examiner Burchmore: Will you inform me with respect to the

present directors and officers of the Company?

Mr. Kilpatrick: I believe I would rather have you ask Mr. Smythe I can say about the officers but I am not sure who has the record. about all the directors.

Mr. Stocking: You have the request of the Association over in

your pocket which will show who they are.

Examiner Burchmore: Mr. Smythe can answer that offhand.

What is the mileage of this road?

Mr. Kilpatrick: Six miles in operation and seven miles under construction.

Examiner Burchmore: Our records seem to show a mileage of

7.44 miles, standard gauge, does that include sidings?

Mr. Kilpatrick: Yes that is the main line. Examiner Burchmore: That is standard gauge?

Mr. Kilpatrick: Yes sir.

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Examiner Burchmore: Do you hold any trackage rights?

Mr. Kilpatrick: We have trackage rights over the Missouri and North Arkansas.

Examiner Burchmore: From where to where?

Mr. Kilpatrick: For a distance of fifty miles north of Searcy. Examiner Burchmore: What do you go way up there for?

Mr. Kilpatrick: For logs, a logging train. Mr. Stocking: There are forests up there.

Examiner Burchmore: There are no forests around Doniphan?

Mr. Kilpatrick: No sir.

Examiner Burchmore: That explains the absence of private tap

Mr. Kilpatrick: Yes sir.

Examiner Burchmore: Tell me a little about that, you run up 50 miles to the forests?

Mr. Kilpatrick: We have a contract with the Missouri and North Arkansas which expires on December 31,1910, whereby we operate this logging train over their rails for a distance not exceeding fifty miles, and for which we pay them on a basis of three cents per hundred pounds.

Examiner Burchmore: You pay three cents per train

mile?

3592 Mr. Kilpatrick: Three cents per hundred pounds for the movement. Out of that three cents, the Missouri and North Arkansas allow 75% for the operation of the train.

Examiner Burchmore: When you say "we pay" you mean the

lumber company pays three cents?

Mr. Kilpatrick: The Railroad Company.

Examiner Burchmore: Then they actually only pay 25% of three

cents?

Mr. Kilpatrick: No, the Railroad, the Doniphan Kensett and Searcy Railway Company pay the Missouri and North Arkansas three cents per hundred pounds for all logs which the Doniphan, Kensett and Searcy Railway transport over their lines. Then the Missouri and North Arkansas Railway allow the Doniphan Kensett and Searcy Railway 75% of the amount for their engine service—train service—for operation. Then the Doniphan Kensett and Searcy Railway Company charges the Doniphan Lumber Company two cents per hundred pounds for every hundred pounds of logs it delivers to them at their plant.

Examiner Burchmore: Now, you say you pay three cents to the Missouri and North Arkansas, does that cash actually pass?

3593 Mr. Kilpatrick: Actually passes.

Examiner Burchmore: Then you say you are allowed 75%

of that? How are you allowed it?

Mr. Kilpatrick: The bill is for the total number of pounds transported each month at three cents per hundred pounds, and then on their bill they set at 75% that amount as a credit and we pay them by actual check the difference.

Examiner Burchmore: 25%? Mr. Kilpatrick: Yes sir.

Examiner Burchmore: Well if you are charged by the Missouri & North Arkansas Railway a three cents charge for their trackage right, it would seem that you might properly charge the Lumber

Company three cents. Why do you charge less?

Mr. Kilpatrick: We base our charge to the Lumber Company on the rough lumber rate applicable in the State of Arkansas which at that time was two cents? We applied the state rate. The Missouri and North Arkansas, for reasons better known to themselves, files a special tariff covering that situation raising that rate to three cents, and allowing us 75% of the tariff.

Examiner Burchmore: What do you think those reasons

3594 are? Have you any idea?

Mr. Kilpatrick: No I have not. It was the traffic manager's proposition and it is an unusual arrangement, but it is in actual existence.

Examiner Burchmore: Well, is it not in order that other mills

and connections may not be advised on the exact payment that you

Mr. Kilpatrick: I think not, I think all of it is of record, and I know a regular tariff is filed with the Arkansas Commission.

Examiner Burchmore: Providing for a 75% allowance?

Mr. Kilpatrick: I am not so sure about that.

Mr. Stocking: May I interrupt? As I understand it, instead of making a trackage contract which would give a certain department of the road the credit-I mean a certain department of the Missouri and North Arkansas the credit in this business, they wanted the credit to go to the traffic department of the road for some reason of their own.

Examiner Burchmore: It was expected to increase some figures or

decrease others?

Mr. Stocking: I think for some purpose of their own they wanted

to swell the traffic of the road.

Mr. Kilpatrick: That was our surmise, but I don't know 3595 that, and for that reason, I did not go into it. I know the traffic manager, and he was trying to build up a record for himself. If the traffic department would get the credit for so much per hundred pounds instead of the operating department getting it, it would appear in his favor.

Examiner Burchmore: Are there private tram lines running from the Missouri and North Arkansas into the woods of the Doniphan

Company?

Mr. Kilpatrick: One is just started—seven miles under construction: It is not a private tram, it is a separate branch of the Doniphan, Kensett and Searcy Railway.

Examiner Burchmore: That is seven miles under construction?

Mr. Kilpatrick: Yes sir.

Examiner Burchmore: Where does it connect with the Missouri and North Arkansas?

Mr. Kilpatrick: At Letona.

Examiner Burchmore: The traffic is actually moving from some points between Letona and the junction?

Mr. Kilpatrick: Letona is the junction. There is nothing mov-Our track is still being laid; the grade work ing yet. is under course. 3596

Examiner Burchmore: Where do you get your logs now? Mr. Kilpatrick: Load them on the main line of the Missouri and North Arkansas.

Examiner Burchmore: Which runs through your woods?

Mr. Kilpatrick: Yes sir.

Examiner Burchmore: Has the Missouri and North Arkansas any

other tram lines or tap line connections up with Letona?

Mr. Kilpatrick: Nothing nearer than I think forty miles above there. There they have a connection with a private road un-incorporated—a private road belonging to a cooperage concern.

Examiner Burchmore: Has the Railroad Company any stations?

Station buildings, I mean?

Mr. Kilpatrick: One station building at Searcy.

Examiner Burchmore: Is that station building used also by the Missouri and North Arkansas?

Mr. Kilpatrick: No sir, simply by the Doniphan, Kensett and

Searcy Railway.

Examiner Burchmore: Where do you meet the Rock Island?

Mr. Kilpatrick: We meet the Rock Island where we cross

Examiner Burchmore: The Rock Island terminus is at 3597 Letona?

Mr. Kilpatrick: Correct.

Examiner Burchmore: The Rock Island crosses the Iron Mountain at Higginson?

Mr. Kilpatrick: Yes, sir.

Examiner Burchmore: Did the Rock Island build from Higginson to Searcy to meet your road?

Mr. Kilpatrick: No sir, it did not. Examiner Burchmore: Why did they build?

Mr. Kilpatrick: I cannot tell you; I think they bought the property from a small line, some several years before.

Examiner Burchmore: A small tap line?

Mr. Kilpatrick: I think there was a short line that was constructed from Searcy through Higginson down there, and below Higginson and finally it was extended to Devil's Bluff itself on the main line of the Rock Island, which at that time I believe was the Choctaw Oklahoma and Gulf.

Examiner Burchmore: That is the main line from Little Rock to

Memphis?

Mr. Kilpatrick: Correct.

Examiner Burchmore: Do you know the name of the road

3598 from Devil's Bluff to Higginson?

Mr. Kilpatrick: That was a regular tap line. No, I don't reme-ber the exact name. May I correct that?

Examiner Burchmore: Yes.

Mr. Kilpatrick: I believe the Searcy and Des Arc.

Examiner Burchmore: Do you know who owned that road?

Mr. Kilpatrick: I do not. I think it was sold to the Rock Island or to the Choctaw, or the Choctaw sold it to the Rock Island. It was recently purchased-since our annual report was made.

Examiner Burchmore: What use is made of its cars?

Mr. Kilpatrick: They will be used some for camp cars, and two cars in its construction work on its seven miles and some will be used in the regular traffic as the same develops.

Examiner Burchmore: They are second hand box cars?

Mr. Kilpatrick: Yes, bought from the Chicago and Great Western Railway.

Examiner Burchmore: In good condition?

Mr. Kilpatrick: The cars are in active service today and are on the road loaded with corn and other products.

Examiner Burchmore: Have you any water tanks for the

3599 locomotives?

Mr. Kilpatrick: Yes, sir, one.

Examiner Burchmore: Where do you get the fuel for your locomotives?

Mr. Kilpatrick: We buy it on the open market from the different coal companies?

Examiner Burchmore: It moves interstate?

Mr. Kilpatrick: I think at the present time it is moving intrastate, but it has moved interstate.

Examiner Burchmore: Where do you take delivery of that coal? Mr. Kilpatrick: Sometimes we take delivery at Doniphan and sometimes at Kensett.

Examiner Burchmore: It also moves in such a way that you get

a division out of it. Does it not?

Mr. Kilpatrick: Generally yes. I think we have had a few cars of coal that we have not had a division on.

Examiner Burchmore: How many flat cars have you?

Mr. Kilpatrick: We have twenty one standard flat cars. Automatic couplers entirely equipped with air.

Examiner Burchmore: How many logging cars?

Mr. Kilpatrick: 20 comprise our logging cars. We log on the standard flat cars.

Examiner Burchmore: You do not have additional log-3600 ging cars?

Mr. Kilpatrick: None whatever.

Examiner Burchmore: Any passenger cars?

Mr. Kilpatrick: No sir.

Examiner Burchmore: Cabooses?

Mr. Kilpatrick: Two.

Examiner Burchmore: Working cars? That includes—you have none in addition to those already described?

Mr. Kilpatrick: Only one, and one of those a caboose-it has a platform and is housed over. It answers for a caboose—for a caboose and for a working car. Answers both purposes.

Examiner Burchmore: Have you any derricks or shovels or pile

drivers?

Mr. Kilpatrick: No.

Examiner Burchmore: Any hand cars?

Mr. Kilpatrick: Yes. We had two at the time our annual report was made, and I think we purchased two since.

Examiner Burchmore: Has the lumber company any equipment

of its own?

Mr. Kilpatrick: No sir.

Examiner Burchmore: Does it lease any from the Railroad 3601 Company?

Mr. Kilpatrick: No sir. Examiner Burchmore: The number of employees in the different departments of the Railroad, I assume, are given in the annual report?

Mr. Kilpatrick: They are.

Examiner Burchmore: With exactness.

Mr. Kilpatrick: They are:

Examiner Burchmore: How many train crews have you?

Mr. Kilpatrick: Two.

Examiner Burchmore: One for each locomotive?

Mr. Kilpatrick: Yes. One operates the log train, and the other operates our commercial train.

Examiner Burchmore: What general office employees are there?

Mr. Kilpatrick: We have the general agent at Searcy. He has At Doniphan, we have an agent who devotes a part of his time to the Railroad and a part of it to the Lumber Company, and who acts jointly.

Examiner Burchmore: How about that agent at Searcy? Exclu-

sively in the employ of the Railroad Company?

Mr. Kilpatrick: Exclusively.

Examiner Burchmore: What other general officers are

there to receive salaries? Not by name?

Mr. Kilpatrick: Our auditor receives a salary, but his salary is divided between the Doniphan Lumber Company, the Saline River Lumber Company, the Saline River Railroad Company and the Doniphan Kensett and Searcy Railway Company.

Examiner Burchmore: Is that division of salary supposed to be

in proportion to the services rendered?

Mr. Kilpatrick: I presume so. Our President made that division, whatever it was. I cannot answer that absolutely. I received a salary as General Manager.

Examiner Burchmore: You are also an employee of the Lumber

Company?

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Mr. Kilpatrick: Yes sir.

Examiner Burchmore: What is your salary from the Railroad Company alone?

Mr. Kilpatrick: \$50.00 per month.

Examiner Burchmore: You devote a substantial part of your time to the Railroad Company?

Mr. Kilpatrick: Yes sir.

3603 Examiner Burchmore: Do you run any regular passenger or mixed trains?

Mr. Kilpatrick: No we do not.

Examiner Burchmore: An irregular service?

Mr. Kilpatrick: Our service is exclusively freight; we have no passenger service.

Examiner Burchmore: Do you run any regular freight trains?

Mr. Kilpatrick: We run a regular local freight train.

Examiner Burchmore: Every day?

Mr. Kilpatrick: Yes sir.

Examiner Burchmore: From Searcy to Kensett?

Mr. Kilpatrick: From Doniphan to Kensett and Kensett to Searcy and return.

Examiner Burchmore: One long trip daily?

Mr. Kilpatrick: Yes sir.

Examiner Burchmore: Do you have any public time tables for them?

Mr. Kilpatrick: We do not.

Examiner Burchmore: You have a time table?

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Mr. Kilpatrick: We have an employees' schedule card that they leave at Doniphan at certain times.

3604 Examiner Burchmore: Do you have a telephone or telegraph line for the operation of your road?

Mr. Kilpatrick: We have a telephone line.

Examiner Burchmore: With boxes along the road?

Mr. Kilpatrick: No, we have an instrument in the Iron Mountain station at Kensett, and our phone at Doniphan, and at the station in Searcy.

Examiner Burchmore: Does your logging train operate in a regu-

lar way over the Missouri and North Arkansas?

Mr. Kilpatrick: It is somewhat irregular. It has handled as an extra train.

Examiner Burchmore: But it makes one trip each way daily?

Mr. Kilpatrick: That is the interstate schedule, but some days we do not go out, as they may be laid up for some cause or another.

Examiner Burchmore: How many cars on that train as an aver-

age?

Mr. Kilpatrick: An average of 18.

Examiner Burchmore: I assume you do not carry the mail?

Mr. Kilpatrick: We do not.

Examiner Burchmore: Your annual report shows figures relative to your freight traffic—I presume your annual report for 3605—1910 has been filed with the Commission?

Mr. Kilpatrick: I believe it has.

Examiner Burchmore: Are you familiar with the figures as to the freight traffic?

Mr. Kilpatrick: Not as familiar as our Auditor.

Examiner Burchmore: Well, this contract with the Missouri and North Arkansas? Is it filed with the Commission?

Mr. Kilpatrick: I don't know, but my impression is that it is not. It is strictly an intra-state affair. May I ask you a question outside

of the record? Does it need to be filed?

Examiner Burchmore: Why, I think not, that is, if it has no relation whatever to interstate traffic. I am not sure, but I think it does not need to be filed, but the examiners of the commission have access to it?

Mr. Kilpatrick: Oh, yes, we have always been perfectly open to

all those things to anyone that comes around.

Examiner Burchmore: Do you publish any tariff of your net issues?

Mr. Kilpatrick: Yes sir.

Examiner Burchmore: Filed with the Interstate Commerce Commission?

3606 Mr. Kilpatrick: Yes sir.

Examiner Burchmore: Reference will be made to the tariff files. Please state in your own way the basis of the joint rates on lumber over your line?

Mr. Kilpatrick: We have joint rates and divisions in connection with the Iron Mountain and Chicago, Rock Island and Pacific, and

the Missouri and North Arkansas to respective territories. The rates are the same and the divisons are the same.

Examiner Burchmore: Over the different roads?

Mr. Kilpatrick: Yes—we get three cents—a division of three cents to points east of the Mississippi river, and north of the Ohio river and on West point shipments we get a division of four cents. We actually handle that tonnage with our own power.

Examiner Burchmore: Are the rates from Doniphan the same as from Kensett over your line, as from Kensett over the Iron Moun-

tain?

Mr. Kilpatrick: I think they are.

Examiner Burchmore: Are they the same from Searcy as on the Rock Island?

Mr. Kilpatrick: Yes sir.

3607 Mr. Kilpatrick: They are carried as a common point.
Examiner Burchmore: There are no milling in transit rates on your line?

Mr. Kilpatrick: None whatever.

Examiner Burchmore: And no possibility of using such rates?

Mr. Kilpatrick: We see no present action of any.

Examiner Burchmore: I ask the latter question because in another case, already heard, it developed that the Iron Mountain had under its power of attorney, given short lines, milling in transit rates, and several short lines were parties to the milling in transit rates without knowing it, and I thought possibly you might discover you were giving milling in transit rates?

Mr. Kilpatrick: Possibly so.

Examiner Burchmore: But you have no opportunity to use it?

Mr. Kilpatrick: No.

Examiner Burchmore: There is no other mill on your line?

Mr. Kilpatrick: No other mill. I want to put in there that there is a coal and wood yard located on our tracks in Searcy into which place we put a switch in for them. There is also a concrete block concern located on our tracks adjacent thereto and we serve them.

3608 Examiner Burchmore: You receive a division of three and four cents. Now, what service do you render for that

division?

Mr. Kilpatrick: When a shipment moves by the Iron Mountain we transport the empty to the plant of the lumber company and we transport the load back and deliver it to them a distance of one and a half miles. When a shipment is routed by the Rock Island we perform the same service over a distance of five and a half miles. When a shipment is routed by the Missouri and North Arkansas we transport it six miles.

Examiner Burchmore: On these movements of lumber over the

Doniphan Railroad, who issues the Bill of Lading?

Mr. Kilpatrick: The Doniphan, Kensett & Searcy Railway Com-

Examiner Burchmore: Where are they issued as a matter of fact?

Mr. Kilpatrick: At Doniphan.

Examiner Burchmore: By a clerk up there?

Mr. Kilpatrick: By a regular employee of the railroad. Examiner Burchmore: Do you issue through bills?

3609 Mr. Kilpatrick: We do.

Examiner Burchmore: Which shows your company as the initial line and participating in the haul?

Mr. Kilpatrick: Yes, sir.

Examiner Burchmore: How do you settle with connecting carriers; by an inter-line settlement?

Mr. Kilpatrick: Yes, sir, monthly. Examiner Burchmore: That is true of all three connections? Mr. Kilpatrick: Yes, sir. I have got the October settlement with Would you care to examine them?

Examiner Burchmore: I don't think so. You have a full line of stationery and forms, etc.? You have all that for the railroad?

Mr. Kilpatrick: Everything.

Examiner Burchmore: Where are the general offices and financial headquarters?

Mr. Kilpatrick: At Doniphan.

Examiner Burchmore: In the Lumber Company building?

Mr. Kilpatrick: Yes, sir.

Examiner Burchmore: In the same room?

Mr. Kilpatrick: The office is quite commodious and the 3610 railroad enjoys a part of it.

Examiner Burchmore: Is it your endeavor to comply with all

the Federal and State laws regarding common carriers?

Mr. Kilpatrick: We have done so to the best of our knowledge, both as to accident reports and hours of service-we follow all forms and make strict reports.

Examiner Burchmore: Are you an officer of the Saline River

Railroad Company?

Mr. Kilpatrick: No, sir.

Examiner Burchmore: Are you an officer of the Saline River Lumber Company?

Mr. Kilpatrick: No, sir.

Examiner Burchmore: It is your understanding that these companies are also controlled by the Carter interests?

Mr. Kilpatrick: Mr. Carter is the chief executive of all of them. Examiner Burchmore: Does Mr. Carter control any other lumber interests to your knowledge?

Mr. Kilpatrick: He has one other interest in Canada, but

3611he is not the controlling member.

Examiner Burchmore: You stated there were no mills on the line?

Mr. Kilpatrick: No sir.

Examiner Burchmore: Is there anyone else who wants to get lumber on your line?

Mr. Kilpatrick: Nobody else that we know of; if so we would welcome them.

Examiner Burchmore: Is there anything else to be cut there?

Mr. Kilpatrick: No, there is no timber.

Examiner Burchmore: Did you testify with respect to the tonnage of the railroad?

Mr. Kilpatrick: No I have not. You had better let Mr. Smythe do that. He is more familiar with the figures.

Examiner Burchmore: Is there anything further?

Mr. Stocking: I want to ask a few questions.

Examiner Burchmore: All right.

Mr. Stocking: How large is the town of Searcy?
Mr. Kilpatrick: Three thousand inhabitants.

3612 Mr. Stocking: It is the county seat of White County?
Mr. Kilpatrick: It is.

Mr. Stocking: What industries are there at Searcy?
Mr. Kilpatrick: Searcy has—do you want me to repeat?

Mr. Stocking: State everything you think of.

Mr. Kilpatrick: An oil mill, an ice plant, a stave factory, and a concrete block concern; it has two wholesale grocery houses one of which does an annual business of \$400,000,00.

Mr. Stocking: And it is a pretty good retail point for the sur-

rounding country?

Mr. Kilpatrick: An exceptionally good one. One retail store I know of there does an annual retail business of \$250,000.00.

Examiner Burchmore: I presume that company enables the Iron

Mountain to get in there?

Mr. Stocking: That is just what I was getting to. In order to make one thing clear that I think was left uncertain, was the Rock Island going into Searcy before the Doniphan Kensett and Searcy Railway was built?

Mr. Kilpatrick: It was.

Mr. Stocking: Now prior to the construction of the 3613 Doniphan Railroad, how were shipments to Searcy over the 1ron Mountain belted?

Mr. Kilpatrick: In the year 1906, in the early part, there was in existence a merchants' transportation company or mule line which enjoyed rates and divisions in connection with the Iron Mountain on traffic into Searcy. Shortly after we began the construction of the first mile and a half from Kensett to Doniphan and which construction was started prior to the incorporation, the rates and divisions with the mule line transportation company were cancelled. That is history and I wanted to get it in. It is quite important with the construction of the road and if you will bear with me we will go on with it.

Mr. Stocking: Go on.

Mr. Kilpatrick: We approached the parties in Searcy who were interested and owned this transportation company suggesting that our interests would probably be glad to construct a railroad from Kensett to Searcy for commercial purposes. Our advances in this direction were met with favor and we next interviewed Mr. Stith

who was then Traffic Manager of the Missouri Pacific— 3614 Iron Mountain system—Mr. Stith advised us to build the road from Kensett to Searcy. He said at that interview that it was contrary to the policy of his company to enter into any contracts prior to the construction of the road, as such actions there-tofore had resulted in some boomerang proposition, casting reflection upon the Missouri Pacific Railroad. Mr. Stith however at that time stated that if we would build this piece of road that they would join us in endeavoring to get the Searcy business and would treat us in the matter of rates and divisions on the same basis as present rates and divisions into Searcy by way of Higginson and the C. R. I. & P.

Mr. Stocking: Right there I want to make it plain. The Iron Mountain runs to Higginson at points south of Kensett does it?

Mr. Kilpatrick: That is correct?

Mr. Stocking: And there it has a junction with the Rock Island?

Mr. Kilpatrick: Yes sir.

Mr. Stocking: And by arrangement with the Iron Mountain and Rock Island the Iron Mountain would give the Rock Island a division on all freight destined for Searcy?

3615 Mr. Kilpatrick: That is correct.

Mr. Stocking: And was there anything said in that conversation between you and the representative of the Iron Mountain about your taking the freight at Kensett if you would build that road, and giving you the division instead of the Rock Island?

Mr. Kilpatrick: That was the verbal understanding and has

since been put into effect.

Mr. Stocking: Well then, when you built the road, did they cancel their divisions with the Rock Island and haul all of their freight by your road?

Mr. Kilpatrick: They did.

Mr. Stocking: And you have been carrying that freight ever since?

Mr. Kilpatrick: We have.

Mr. Stocking: All right. Go ahead.

Mr. Kilpatrick: Don't get away from Mr. Stith.

Mr. Stocking: All right, finish that.

Mr. Kilpatrick: In winding up the interview with Mr. Stith he said that if we at any time decided to sell this line, we were about to construct, they desired the first opportunity to purchase.

3616 Mr. Stocking: Then as I understand you, before you constructed this road from Kensett to Searcy, you notified the merchants and shippers of Searcy and were encouraged by them to build it for the purposes of their traffic, and you interviewed the officials of the Iron Mountain and were encouraged by them to build it, being assured that the Iron Mountain would cancel their division with the Rock Island and give you all their Searcy business?

Mr. Kilpatrick: That is correct.

Mr. Stocking: And they actually did so?

Mr. Kilpatrick: Yes, the citizens of Searcy, by way of encouragement to the line, raised the funds to purchase the right of way and station grounds and trackage yards within the corporate limits:

station grounds and trackage yards within the corporate limits:

Mr. Stocking: Now, what kind of a road bed is that between

Kensett and Searcy?

Mr. Kilpatrick: It is a rock bed and macadamized. Mr. Stocking: A substantial railroad dump, is it?

Mr. Kilpatrick: Yes sir.

Examiner Burchmore: Does the Missouri and North Arkansas operate over your line? between Kensett and Searcy?

3617

Mr. Kilpatrick: No they parallel us. Examiner Burchmore: Were they constructed before or after you?

Mr. Kilpatrick: After.

Examiner Burchmore: Do they participate in a traffic arrangement now with the Iron Mountain?

Mr. Kilpatrick: I believe they do have some division with them. Examiner Burchmore: You have a considerable merchandise movement between Searcy and Kensett on your line?

Mr. Kilpatrick: Yes sir.

Examiner Burchmore: Does any merchandise move between Kensett and Doniphan?

Mr. Kilpatrick: A considerable movement.
Mr. Stocking: You comply with all the safety regulations?

Mr. Kilpatrick: Yes sir. Mr. Stocking: You have stated that?

Mr. Kilpatrick: Yes sir.

Mr. Stocking: You keep your books as required by the rules of the Commission?

Mr. Kilpatrick: Entirely so yes sir.

Mr. Stocking: You issue not only intra-state but inter-3618 state Bills of Lading?

Mr. Kilpatrick: We do. Mr. Stocking: You have issued foreign bills?

Mr. Kilpatrick: Yes, we have shipped to Russia.

Examiner Burchmore: I think that is all brought out in my

examination, except Russia.

Mr. Stocking: I wanted to get the foreign bills in there. Now. at the time that this road was projected, it was known that the Missouri and North Arkansas would parallel our line?

Mr. Kilpatrick: It was not. Mr. Stocking: And the anticipated profits have been cut down by that competition?

Mr. Kilpatrick: Yes sir.

Mr. Stocking: We had reason to believe that we would do a larger commercial business even than we have done, because of the competition that has unexpectedly come in by the Missouri and North Arkansas?

Mr. Kilpatrick: That is correct. In addition thereto, we have never installed any passenger service because of the two lines already serving this town with from 8 to 12 trains per day,

in and out; and we have felt that we could add little or 3619 nothing to that service, and to attempt to maintain it would be at a loss, for that reason.

146 TELEVISION TRANSPORT COMMERCE COMM'N,

2629 Section as called as a witness and being first duly

Direct - HALLES

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Mr. Service Spacement

Example: The much of that is issued and outstand-

Mr. Supplier Al of a

Examiner Temperature touch for cash, how much?

Mr. Sources \$25000000

France Wind dividend have you paid?

Mr. Service Some

Examiner Suremore Told I ask you what the surplus was?

Mr. Surine No.

Examiner Marchiner Have von any surplus?

Mir. Service We there.

Examiner Therein er Explain that surplus—the amount of that

Me section to June 20, 1910 we had a credit to surplus account

How long did it take you to accumum the street.

The profession the fiscal year just ending amounted

Examiner limenses. The road then is making money?

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Mr. warmer Verson to

Examines The that \$9,000,00 take account of the

The matter of the Lumber Company.

Examiner Burchaser New - that a book surplus or cash sur-

Mr. matter and of it was cash on hand at the end of the

Examine Tree more: What became of that cash?

Mr. Susting At the resent time?

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The company is building an extension of

Example They are using that cash in in-

Mr. Spring Description

Transport Are the supplies for this company pur-

Mr. Sustance Warner

Mr. To be the railroad company?

Examiner Burchmore: Do you perform any inter-change switching?

Mr. Smythe: We do at Searcy.

Examiner Burchmore: At \$3.00 or \$2.00 a car.

Mr. Smythe: Three Dollars a car.

Examiner Burchmore: Do you have any contract with any of the railroad companies we have referred to providing for rates or divisions aside from the trackage contract already mentioned.

Mr. Smythe: None that I know of.

Examiner Burchmore: Do you know of any, Mr. Kilpatrick? Mr. Kilpatrick: No, our divisions are covered by open division,

3623 Mr. Smythe: Nothing except what is on file with the commission.

Mr. Kilpatrick: If I may interrupt you we have a new trackage contract with the Missouri and North Arkansas which goes into effect on January 1, 1911 and runs for ten years on the basis of \$1.00 a train mile.

Examiner Burchmore: Will you file that train mile contract with the commission?

Mr. Kilpatrick: Yes sir. Mr. Stocking: You mean a copy of it?

Mr. Kilpatrick: If you feel it is necessary. This is simply for logging purposes,

Mr. Stocking: I can have it copied by the stenographer and

handed to you before we close.

Examiner Burchmore: Hand it to the official reporter in the other room. Who are the officers and directors of the railroad company and what is their relation to the lumber company?

Mr. Smythe: The directors are C. J. Carter, W. L. Stocking, H. R. Kilpatrick, C. E. Emmert, A. E. Hartsell. The officers are C. J. Carter, President, C. E. Emmert, Vice-President, H. R. Kil-The officers are C. J.

3624 patrick, Secretary and Treasurer and also General Manager.

Examiner Burchmore: With the exception of Mr. Kilpatrick, these officers and directors occupy similar positions with the lumber company?

Mr. Smythe: I could not say as to that. Mr. Carter is also President of the Lumber Company; Mr. Stocking, Secretary, Mr.

Kilpatrick: Treasurer of the Lumber Company.

Examiner Burchmore: Then I understand that the tap line corporation and the lumber corporation are substantially identical in interest, aside from any legal question of separation?

Mr. Stocking: Yes sir.

Examiner Burchmore: Is there any other statement you would care to make at this time, Mr. Smythe:

Mr. Smythe: Nothing, unless you want to find out about the

tonnage-what percentage?

Examiner Burchmore: What percentage of the tonnage is furnished by the Doniphan Lumber Company approximately?

Mr. Smythe: About 73%.

Examiner Burchmore: What percentage of the revenue?

Mr. Smythe: This revenue—I had better correct that-73%

of the revenue is furnished by the Doniphan Lumber 3625 Company.

Examiner Burchmore: What percentage of the tonnage;

have you that figured? Mr. Smythe: 85%.

Examiner Burchmore: Have you given any testimony as to divisions?

Mr. Stocking: Yes sir.

Examiner Burchmore: And as to class and commodity rates?

Mr. Smythe: The tariffs are on file.

Examiner Burchmore: What are the class and commodity divisions? The same as the local rate?

Mr. Kilpatrick: Approximately 20 and 25%; 25% on Memphis

territory and 20% on St. Louis territory.

Examiner Burchmore: What does that yield you in cents per hundred pounds in a general way?

Mr. Kilpatrick: You have got me there.

Examiner Burchmore: Do you get five or ten cents?

Mr. Kilpatrick: Yes, we have an arbitrary division sheet up until a very short time ago.

Mr. Smythe: It runs fifteen, twelve and ten cents per hundred

weight-about that.

Examiner Burchmore: You are going to file your division sheets in this case?

Mr. Stocking: I don't know. Does the commission want

us to do it?

3626

Mr. Kilpatrick: The Missouri Pacific issue division sheets and I

presume they file them.

Examiner Burchmore: They are not ordinarily filed with the Commission. I suppose you need not file them until they are called for. I think that is all. Mr. Stocking may have some questions to ask in the morning. I request this, that you furnish a map of your line drawn to scale and showing this line fifty miles away, if you will, but you can cut out the scale, in between.

Mr. Kilpatrick: You mean this disconnected branch that we are

building?

Examiner Burchmore: Yes. You heard this same request made of some other companies for a map? Mr. Kilpatrick: Yes.

Examiner Burchmore: Please furnish the same kind of map I

requested of the other companies? Mr. Kilpatrick: Blue prints?

Examiner Burchmore: Yes, blue prints will do showing the mills, towns etc. and also we would like a statement of the tonnage of the road for the fiscal year ending June 30, 1910 to check with the statement showing the total tonnage of lumber for the Doniphan Lumber Company and the total amount of logs for that Company and showing the amount of other freight for that company and the amount of freight for the public. I wish if possible, and if not too much trouble, that you would supply that between the two lines-subdivide it and show the totals. By the two lines,

I mean your line to Doniphan and your line to Searcy. See if you cannot divide it.

Mr. Stocking: Do you understand what is wanted, Mr. Smythe?

Mr. Smythe: Yes, but what details do you wish?

Examiner Burchmore: You can show cotton for instance, and such commodities, but you need not show drygoods or merchandise; coal you might show; the others you can put under merchandise.

Mr. Stocking: You understand what the Examiner wants now?

Mr. Smythe: Yes.

Examiner Burchmore: A substantial compliance with the request is all that is necessary.

3628

Adjournment.

Whereupon at 5:30 o'clock p. m., an adjournment was taken until the next day, Wednesday, December 14th, 1910, at 9:30 o'clock

3629 NEW ORLEANS, LOUISIANA, December 14, 1910.

Examiner Burchmore: Mr. Kilpatrick, what is the approximate value of the mill at Doniphan?

Mr. Kilpatrick: Approximately two hundred and fifty thousand. Examiner Burchmore: That includes the ground upon which it is built?

Mr. Kilpatrick: Everything.

Examiner Burchmore: What is the value of the buildings and machinery?

Mr. Kilpatrick: You mean everything exclusive of the real estate?

Examiner Burchmore: Exclusive of the land, ves.

Mr. Kilpatrick: Probably two hundred and twenty-five thousand. Examiner Burchmore: Would it be possible to remove that mill to another location?

Mr. Kilpatrick: Part of it, yes; it was done. Examiner Burchmore: When was that done?

Mr. Kilpatrick: In 1906, the saw-mill, part of it, was removed to its present site.

Examiner Burchmore: What is your impression as to the cost of that removal?

3630 Mr. Kilpatrick: You mean the erection, or just the actual transportation, and so on?

Examiner Burchmore: I mean the cost of removal, exclusive of the freight.

Mr. Kilpatrick: I couldn't give you any figures on that. Examiner Burchmore: One hundred thousand dollars?

Mr. Kilpatrick: I wouldn't want to guess at it.

Examiner Burchmore: Has the Doniphan Lumber Company con-templated the erection of a mill at Latona?

Mr. Kilpatrick: No, sir.

Examiner Burchmore: What is the explanation for the maintenance of a mill at one point, namely, Doniphan, when the logs have to be brought in fifty miles by railroad?

Mr. Kilpatrick: When that mill was first located there, it was located on the bank of Little Red River. The railroad over which the railroad of the D. K. & S. operates log trains and has trackage rights, was not constructed, and it was contemplated that the mill be logged by river, and it was to a limited extent, and that proved somewhat unsuccessful, and when this railroad was built we established that arrangement and logged by rail.

Examiner Burchmore: As I unlerstand it, logs were

3631 brought by river to the mill?

Mr. Kilpatrick: They were when the mill first started. Examiner Burchmore: They are no longer?

Examiner Burchmore: They are no longer? Mr. Kilpatrick: In limited quantity, they are. Examiner Burchmore: Where is that from?

Mr. Kilpatrick: From about a hundred miles up the river.

Examiner Burchmore: Is that from the vicinity of Latona?

Mr. Kilpatrick: Not exactly, from that direction, yes, sir.

Examiner Burchmore: Are the timber holdings in the vicinity of Latona sufficient to justify the Doniphan Lumber Company to erect a mill at that point?

Mr. Kilpatrick: It would not be a mill of the capacity of the mill

at the other point.

Examiner Burchmore: What is the total timber holdings of the Doniphan Lumber Company?

Mr. Kilpatrick: I would say, in acreage, sixty-five thousand acres,

approximately.

Examiner Burchmore: How many feet?

Mr. Kilpatrick: Approximately two hundred and fifty million.

Examiner Burchmore: I think the question of divisions was fully developed yesterday, was it not?

3632 Mr. Kilpatrick: I think it was, yes, sir.

Mr. Duncan: With regard to the removal of the mill at Doniphan. How many houses has the Doniphan Lumber Company at Doniphan?

Mr. Kilpatrick: About seventy-five.

Mr. Duncan: Would it be practicable at all to remove these houses into the forest?

Mr. Kilpatrick: It would not.

Mr. Duncan: As to the cost of moving the mill, I will ask you if as a matter of fact the mill proper, that is to say, the machinery located there, and as you state moved there, the plant cost one hundred thousand dollars and we bought it for ten?

Mr. Kilpatrick: That is correct.

Mr. Duncan: Isn't it a fact that it would be practically ruinous to that two hundred and fifty thousand dollar investment there to undertake to take it up and remove it into the forest now?

Mr. Kilpatrick: Yes, it would be.

Mr. Duncan: One thing I wanted you to explain about your testimony of yesterday. You said yesterday that the railway company charges the mill company two cents per hundred pounds. Is

3633 that right?

Mr. Kilpatrick: It is.

Mr. Duncan: Isn't it a fact that that charge is made in pursuance of the rule made by the Railroad Commission of Arkansas, allowing that minimum charge upon raw material, on the condition that the product of it shall be shipped over the railroad that makes that agreement?

Mr. Kilpatrick: It is.

Mr. Duncan: The railroad company, as you said, pays the M. & N. A. three-fourths of a cent on that same tonnage, so the net earning to the railroad, to the Doniphan, Kensett & Searcy is one and one-quarter cents per hundred pounds?

Mr. Kilpatrick: That is correct.

Mr. Duncan: You stated yesterday that the service which the Doniphan, Kensett & Searcy railway rendered for which it got the divisions from the trunk lines, consisted in the carriage of the manufactured product from the mill to the respective lines. I will ask you if it is not true that it hauls those logs from distances varying from fifteen to fifty miles to the mill to be manufactured, initiating that business, at this low price of one and one-quarter cents, which is not

in itself compensatory?

Examiner Burchmore: Do you contend that this division on the lumber is supposed to also cover the expense of moving

the logs into the mill?

Mr. Duncan: The fact is that-

Examiner Burchmore: Is that the purpose?

Mr. Duncan: I will say frankly to your Honor, I don't understand the proposition in its full scope. I understood it was.

Examiner Burchmore: There is no milling and transit rates on

the line?

3634

Mr. Kilpatrick: We have none, no.

Examiner Burchmore: Well, if a part of these divisions is intended to take care of the movement of the logs in, or if the effect of those divisions is to take care of a part of the expense of moving the logs in, does it not mean that the division — the value of the service rendered?

Mr. Kilpatrick: No, it does not, because the extent of the output is carried five and four and a half miles, and that is not an unreasonable amount to pay for that service. The Court tariff of Arkansas, which is now in effect, I think, allows four and four and a

half for the same service.

Mr. Duncan: The Doniphan, Kensett & Searcy has exercised the right of eminent domain in the Courts of Arkansas, has it not?

Mr. Kilpatrick: It has.

Mr. Duncan: Does the agent they have at Searcy solicit freight business from the industries and merchants of Arkansas?

Mr. Kilpatrick: He does.

Mr. Duncan: He obtains it and ships it over the road?

Mr. Kilpatrick: He does.

Mr. Duncan: The Doniphan, Kensett & Searcy is assessed by the State of Arkansas as a railroad?

Mr. Kilpatrick: It is.

Mr. Duncan: And pays those taxes?

Mr. Kilpatrick: It does.

Mr. Duncan: Who loads the logs on the car?

Mr. Kilpatrick: The Doniphan Lumber Company.

Mr. Duncan: The mill company does not perform that service?

Mr. Kilpatrick: The railroad does not.

Mr. Duncan: The railroad company does not perform that service?

Mr. Kilpatrick: It does not.

3636 Mr. Duncan: The road, as you stated yesterday, is rock ballast and of a permanent character?

Mr. Kilpatrick: It is.

Mr. Duncan: There is a public at either end of the line to be served by a common carrier?

Mr. Kilpatrick: There is.

Mr. Duncan: The company holds itself out as willing to serve the public as a common carrier, and does serve them as a common carrier?

Mr. Kilpatrick: It does at all times.

Mr. Duncan: And under the laws of Arkansas, is obligated to do so?

Mr. Kilpatrick: It is.

Mr. Duncan: Taking the character of the road and the towns at the termini of it into consideration, is it in your opinion a railroad and common carrier that will be in existence as a common carrier when the saw-mill itself will have passed away by reason of the exhausting of the timber?

Mr. Kilpatrick: I believe that the railroad will continue in oper-

ation regardless of the saw-mill operations.

Examiner Burchmore: Is that true of the line north of Kensett?

Mr. Kilpatrick: Well, I am not so sure, but there are some

indications at this time that it will remain as a railroad.

Examiner Burchmore: Suppose that the Iron Mountain railroad should cancel the divisions with your road on lumber, would the result of that cancellation, in your opinion, be the removal of the mill from Doniphan to Latona?

Mr. Kilpatrick: I don't think it would be; I think it is an im-

practicable thing to do.

Examiner Burchmore: What is the total volume of logs, approximately, that is floated down the river at the present time, or for the past year?

Mr. Kilpatrick: During the floating or driving season, approxi-

mately three million feet.

Examiner Burchmore: What proportion does that bear to the amount of logs brought down by railroad?

Mr. Kilpatrick: About one-eighth.

Mr. Duncan: The amount that would be brought down the river would grow less, and finally disappear entirely, in a short time?

3638 Mr. Kilpatrick: That has been the case.

Mr. Duncan: It has been found impracticable to log by

river?

Mr. Kilpatrick: The timber that is coming down the river now is

practically inaccessible, and must come that way.

Mr. Duncan: Mr. Examiner, I have our President here. I have nothing to ask him, I submit him to you if you want to ask him anything.

Examiner Burchmore: I don't think there are any further ques-

tions that need be asked about this company.

Mr. Duncan: Mr. Kilpatrick, you have a statement there showing the tonnage of the road since our last annual report?

Mr. Kilpatrick: It is our last settlement for October.

Mr. Duncan: I would like to have you read that into the record,

it is very short.

Mr. Kilpatrick: Our carload movement in October, we have four cars of coal, four cars of flour, two cars of hay, two cars of cotton bagging, one car of shingles, two cars of potatoes, one car of pickles, one car of corn, one car of emigrant outfit, two cars of cotton ties,

one car of hydrants, one car of soda fixtures, one car of cement, and two cars of brick. We had outbound that month,

six cars of cotton, eight cars of livestock. Examiner Burchmore: How much lumber?

Mr. Duncan: This was the commercial business. I didn't ask the lumber tonnage sheet, your Honor.

Mr. Kilpatrick: Approximately fifty-five cars of lumber out-

bound.

Examiner Burchmore: Was any of that carload of shingles, the emigrant outfit, or the cement or brick,—were any of those shipments either intended for the use of the Doniphan Lumber Company, or its employés?

Mr. Kilpatrick: Not any of it.

Examiner Burchmore: For whom was the carload of flour?

Mr. Kilpatrick: I think it was for the Searcy Transfer Company.

3640 Paragould & Memphis Railway Company.

Examiner Burchmore: I will call the case of the Paragould & Memphis Railway.

Examiner Burchmore: The Paragould & Memphis Railway Com-

pany case called, and not present.

Mr. Jeffries: It is so small and so unimportant as far as the Iron Mountain is concerned, I haven't it mentioned on my list.

Mr. Perkins: The Iron Mountain has no arrangements with it

at all.

Examiner Burchmore: I think that you withdrew those arrangements, if I am not mistaken. It is Mr. T. N. Vail's road, and is up there in Arkansas.

Mr. Perkins: I think it connects with the Paragould and Southwestern, and they have some kind of connection with the Paragould & Frisco, but not with the Iron Mountain.

Prescott & Northwestern Railroad Company. 3641

Mr. McRae: I would like the record to show that this testimony is taken in the case of I. C. 3512, which is consolidated with the general record on the petition of the Prescott & Northwestern Railroad Company and H. M. Stevens, Complainants, against the St. Louis, Iron Mountain and Southern and the Kansas City Southern Railway Company, and upon the separate answers filed before the Commission of the St. Louis, Iron Mountain & Southern Railway Company and of the Kansas City Southern Railway Company. The only issue involved in these pleadings are the general issues raised as to the through rates and tap lines. Nevertheless these petitions were filed and answers made, and we want the record to show that the testimony is submitted upon these pleadings.

W. M. Bemis was called as a witness, and having been duly sworn, testified as follows:

Mr. McRae: We will try to develop most of the case through Mr. Bemis, in order to expedite the matter, but if there is any question in regard to traffic matters which he cannot answer, we will call Mr. Helbig.

Examiner Burchmore: Are you an officer of the Prescott

& Northwestern Railroad Company? 3642

Mr. Bemis: I am.

Examiner Burchmore: What officer?

Mr. Bemis: President.

Examiner Burchmore: Are you also an officer of the Ozan Lumber Company?

Mr. Bemis: I am.

Examiner Burchmore: What is the geographical location of this line?

Mr. Bemis: It begins at Prescott, in Nevada County, Arkansas, and runs in a northwesterly direction through Nevada, Hempstead and Pike counties, to its terminus at Helbig.

Examiner Burchmore: Helbig? Mr. Bemis: Helbig, H-e-l-b-i-g.

Examiner Burchmore: Where is that with reference to Little Rock, Texarkana, or some other well known point?

Mr. Bemis: Ninety-six miles south of Little Rock, and forty-

eight miles north of Texarkana.

Examiner Burchmore: Your junction with the Iron Mountain is at Prescott?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Has your line a junction with any other railroad?

3643

Mr. Bemis: It has at Tokio, with the Memphis, Dallas &

Examiner Burchmore: Is that the line formerly known as the Memphis, Paris & Gulf?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: When was the name changed? Mr. Bemis: Several months ago; I don't know just when.

Examiner Burchmore: What is the character of territory served

by this line, is it a farming country?

Mr. Bemis: Originally a timber country, very rough, and in the last fifteen or eighteen years has developed to a large area in an agricultural way after the timber was taken off.

Examiner Burchmore: Where is the mill of the Ozan Lumber

Company located?

Mr. Bemis: It is on the Prescott & Northwestern, at Dian, about

one mile from the Iron Mountain station-

Examiner Burchmore: How far is it from the rails of the Iron Mountain?

Mr. Bemis: The centre of the mill proper is probably sixteen or seventeen hundred feet.

Examiner Burchmore: Well, what is the distance from the eastern fence of the mill yard to the Iron Mountain?

Mr. Bemis: The mill yard is not fenced.

Examiner Burchmore: Well, the eastern boundary.

Mr. Bemis: The eastern boundary is about a thousand feet. Examiner Burchmore: Is there any private spur-track running

from the Iron Mountain into the mill yard?

Mr. Bemis: No, Sir.

Examiner Burchmore: What other lumber industries are there along the line?

Mr. Bemis: H. M. Stevens has a mill at Blevens, Arkansas, E. T. Wells at Wallaceburg, Kilgore Lumber Company at Kilgore, D. Scott at Westbrook, Brooks Reece Lumber Company at Norvelle, W. J. Cantley at Helbig.

Examiner Burchmore: Any industries at Wortham?

Mr. Bemis: No, Sir.

Examiner Burchmore: There formerly were mills there? Mr. Bemis: I couldn't say, I don't recognize that name.

Examiner Burchmore: Wortham. Mr. Bemis: Not in a milling way.

Examiner Burchmore: Is there anything at Dotson?

Mr. Bemis: There was a mill at Dotson; whether they are still operating or not, I don't know, I don't think they are. Examiner Burchmore: A small mill?

Mr. Bemis: Yes. Sir.

Examiner Burchmore: Do you know whether they have closed down?

Mr. Bemis: I know they have not been running for some time. Examiner Burchmore: Any other mills or industries on the line?

Mr. Bemis: I think that includes them all.

Examiner Burchmore: Any staves or stave bolts made along the

Mr. Bemis: Stave bolts are shipped off the line; staves are made and shipped.

Examiner Burchmore: Are there any private railroad or tram lines connected with the Prescott & Northwestern?

Mr. Bemis: That of the Ozan Lumber Company. Examiner Burchmore: Where does it connect?

Mr. Bemis: Their main line connects at Helbig, and runs about eight miles northwest to Cox. From points on that line, the logging spurs are run out.

Examiner Burchmore: Is that private tram-road owned by

the Ozan Lumber Company? 3646

Mr. Bemis: The rail fastenings were furnished by the The ties and all other things necessary to Prescott & Northwestern. the construction and operation, are furnished by the Ozan Lumber Company.

Examiner Burchmore: Who operates this private tram? Mr. Bemis: The Ozan Lumber Company.

Examiner Burchmore: With its own locomotives?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Is there any payment for the use of those

rails?

Mr. Bemis: They pay the Prescott & Northwestern one dollar per thousand for the haul of logs on the main line between Cox and Helbig; this dollar per thousand also includes the rails that are furnished, the fastenings and cars.

Examiner Burchmore: But I thought the lumber company oper-

ated the private tram-road?

Mr. Bemis: The lumber company brings the logs with its own engines up to the main line between Cox and Helbig; the main line then of the Prescott & Northwestern takes these logs and carries them

to Helbig. Examiner Burchmore: We will develop that part of the 3647 case later. What is the Pike County Lumber Company?

Mr. Bemis: They were absorbed by the Ozan Lumber Company.

Examiner Burchmore: When were they absorbed? Mr. Bemis: From the purchase of their stock.

Examiner Burchmore: Recently?

Mr. Bemis: Well, in the last twelve or fourteen months.

Examiner Burchmore: Are there any other private tram roads connecting with your line?

Mr. Bemis: Not at this time.

Examiner Burchmore: There were formerly other connections?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: When was the Prescott & Northwestern Railroad first constructed, and how much of it was built originally?

Mr. Bemis: The Prescott & Northwestern was organized on October 16, 1890, by R. L. Powers, W. B. Waller, and other citizens of The road had been completed a distance of eight or nine Prescott. miles, and the then owners were then either unable or unwilling to make further necessary extensions. They became involved in litigation and sold the road to Benjamin Whitaker, and other citizens of Prescott.

Examiner Burchmore: In what year was this sale? 3648

Mr. Bemis: In January 1892.

Examiner Burchmore: The first eight or nine miles of the road was constructed by contractors hired by these parties?

Mr. Bemis: I don't know.

Examiner Burchmore: When was the mill at Dian first opened? Mr. Bemis: The mill was constructed,-construction begun about the First of the year 1890.

Examiner Burchmore: Then the mill and the original railroad of

the Prescott & Northwestern were opened about the same time?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Were they part of the same enterprise? The milling company had no interest in Mr. Bemis: No, Sir. the road at its organization.

Examiner Burchmore: When was the road extended beyond this

eight or nine miles?

Mr. Bemis: Extensions were made from time to time, I can't say just when, I can't give you just the time.

Examiner Burchmore: When did the line reach Helbig? 3649 Mr. Bemis: I think in 1906, some time in 1906.

Examiner Burchmore: So substantially the whole of the present line was completed in 1906?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: When was the railroad company incorporated as a common carrier?

Mr. Bemis: October 16, 1890. Examiner Burchmore: How was the Railroad Company originally financed, what was its original capital stock, and how much was sold, and who furnished the money?

Mr. Bemis: The capital stock was one hundred and twenty-five

thousand dollars.

Examiner Burchmore: In the beginning.

Mr. Bemis: In the beginning, I know nothing as to the manner nor the method of financing it at that time.

Examiner Burchmore: Please state in your own way the history

of the financial side of this corporation, as fully as you can.

Mr. McRae: Let me ask him a question right there. You know in 1902 how much stock was issued, do you know?

Mr. Bemis: In 1902? Yes, Sir, in 1902.

3650 Mr. McRae: State what that was,

Mr. Bemis: Thirty thousand dollars. The railroad was organized by these citizens of Prescott for the purpose of developing the territory lying northwest of Prescott, as I understand it. induced Bemis and Whitaker to build a mill on their line at Prescott. and under some arrangement of which I have no knowledge, R. L. Powers was to furnish logs. The milling company, or the milling interest, had no interest in the road.

Examiner Burchmore: Direct or indirect?

Mr. Bemis: Direct or indirect, except for some money that was Mr. Powers and the railroad were unable to go loaned the railroad. ahead with their contract with Bemis and Whitaker, were unable to make further extensions and furnish the timber, and in 1892 the road was reorganized, the firm of Bemis & Whitaker taking on a controlling interest in the railroad company. There were at that time some twelve or fourteen local stockholders. The capital stock of the company was reduced at that time to thirty thousand dollars, that being the estimated value of the road at that time.

Examiner Burchmore: Of the eight or nine miles of road?

Mr. Bemis: Yes, sir. 3651

Examiner Burchmore: Bemis & Whitaker were bought out by the Ozan Lumber Company, or, is the Ozan Lumber Company merely the incorporation of the previous owners?

Mr. Bemis: Bemis & Whitaker were bought out by the Bemis That is wrong. The Ozan Lumber Company bought out interests.

Bemis & Whitaker.

Examiner Burchmore: And at the same time they bought out Bemis & Whitaker, they bought out the controlling interest of the railroad?

Mr. Bemis: I don't know that the purchases were identical in

point of time; I don't know as to that.

Examiner Burchmore: I assume that the Prescott & Northwestern at the present time is substantially controlled, from the ownership of stock, by the Ozan Lumber Company or its stockholders.

Mr Bemis: The stockholders in both companies are identical. Examiner Burchmore: And hold their shares in proportion?

Mr. Bemis: Exactly.

Examiner Burchmore: How long has that condition maintained? Mr. Bemis: That has been practically the condition since the Ozan Lumber Company, or the stockholders of the Ozan 3652

Lumber Company, have owned the road. Examiner Burchmore: How many years, since 1906?

Mr. Bemis: Oh, yes, Sir; that has been since 1901. Examiner Burchmore: The stock was reduced to thirty thousand dollars in 1892, I believe you say? Mr. Bemis: Yes, Sir.

Examiner Burchmore: Was there any bonded indebtedness at that time?

Mr. Bemis: Not that I know of.

Examiner Burchmore: What increase, or increases, have been made in the capital stock since that time?

Mr. Bemis: None whatever. Examiner Burchmore: So the present capitalization is thirty thousand dollars?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: What bonds have been issued?

Mr. Bemis: No bonds. There is a mortgage for three hundred and fifty thousand dollars that has been given to the Ozan Lumber Company for money borrowed.

Examiner Burchmore: And interest is paid on that indebtedness?

Mr. Bemis: It is charged to them, it is not paid. 3653

Examiner Burchmore: Well, that practically amounts to bonds, it is the same thing in result. And out of this three hundred and fifty thousand dollars, the additional lines have been constructed?

Mr. Bemis: No, Sir; at the time the mortgage was given the Prescott & Northwestern owed the Ozan Lumber Company a little more than the three hundred and fifty thousand dollars.

Examiner Burchmore: That indebtedness has since been reduced

out of the surplus earnings?

Mr. Bemis: No, Sir; it has since increased two hundred and twenty thousand dollars.

Examiner Burchmore: What is the present indebtedness?

Mr Bemis: Five hundred and seventy odd thousand dollars.

Examiner Burchmore: Out of that five hundred and seventy odd thousand dollars, these new additions and improvements have been made?

Mr. Bemis: The railroad company has practically no credit, and the Ozan Lumber Company has financed it and furnished the money from time to time, both for construction and equipment. The railroad has never earned anything, practically.

Examiner Burchmore: Is the vice-president of the lumber company at the present time also vice-president of the railroad com-

pany?

Mr. Bemis: No. Sir.

Examiner Burchmore: What officers are common to both companies?

Mr. Bemis: A. C. Bemis is manager of the Prescott & Northwestern, and vice-president of the Ozan Lumber Company.

Mr. McRae: Aren't you mistaken about that, isn't he secretary?

Mr Bemis: I am, he is secretary.

Examiner Burchmore: Of which company?

Mr. Bemis: Of the Ozan Lumber Company. W. M. Bemis is president of both companies. J. W. Bemis is vice-president of the Ozan Lumber Company, and O. H. Helbig is secretary and treasurer of the Prescott & Northwestern.

Examiner Burchmore: The two last named gentlemen are not

officers of the lumber corporation?

Mr. Bemis: No. Sir. Mr. Helbig is secretary and treasurer of the Prescott & Northwestern, and has no connection with the 3655 Ozan Lumber Company.

Examiner Burchmore: Are you the Mr. Bemis of the firm

of Bemis & Whitaker?

Mr. Bemis: No, Sir, that was my father.

Examiner Burchmore: Aside from the question of legal separation of the two companies, I understand that in a substantial sense the tapline corporation and the lumber company are practically identical in interest, from your statement. Leaving aside any question of the legal separation, the existence of two entirely separate and distinct corporations, they are controlled by the same interests, and substantially the same in interest?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: I think that is a fair statement, Mr. Mc-Rae

Mr. McRae: The fact is that with the exception of Mr. Helbig

with his to compare with the Chan Lumber Company, the stock is back in the same properties in both companies.

Francisco How did Mr. Helbig acquire his stock in

It I was a short was given him for the purpose of

Example Sure hoose What is the mileage of the Pres-

Tr. Binus Fore-on-miles.

Examine Directmon & that all main line?

Mr. Biomis Ties, Sur

Examine have more the report indicates forty-four miles of

It Benes Tres miss of siding

The large would be good to see the report, if it is different to

Examine Mirrelmor No the figures agree, with that explana-

he have discussed at various times possible extensions to a lies lime there is nothing contemplated in the way of the sure of the an extension west from Highland, and the many of the results in the next year or

The pearest approach that you make a time time Queen & Crescent?

The Benes I can't say; I think it is fifteen or twenty

Examine Timelinger Ant river between?

Mr. Bienes I den Zrom

Examine Marchaer You haven't actively contemplated any

We have he was no seen talked of just in a general way,

Francisco Birrennor Des the Prescott & Northwestern hold

Mr. Bens: Wo. Str.

Francisco Toronto Tres the Ozan Lumber Company enjoy

We Bornes We Str.

Framework What is the weight of rail of which this

The Series Friends and sixty-three pounds, with the exception

Francisco Where is that forty pound rail, at the end

Example Sureinnor I observe you have two lines that

The have been abandoned, the rails taken up.

Examiner Burchmore: So at the present time there is a single main line between the two termini?

Mr. Bemis: Prescott to Helbig.

Examiner Burchmore: There are no branches?

Mr. Bemis: No, Sir.

Examiner Burchmore: Are there any heavy grades on the line,

or is it pretty well graded?

Mr. Bemis: We have some heavy grades on the western end of the line. The character of the country is such as to make a low grade line almost impossible on account of the excessive cost. We have one heavy grade on the western end of the line, but this can be easily reduced, and will be, if we ever get money enough to do it.

Examiner Burchmore: Well, without going into the particulars of ballast, curves, etc., will you say that this road is substantially as well constructed as the branch lines of the principal carriers from

the southwest through Arkansas?

Mr. Bemis: I have often heard those that traveled over

3659 both lines say that ours was the best.

Examiner Burchmore: Better than the Iron Mountain main line.

Mr. Bemis: Better than the Iron Mountain branch lines.

Examiner Burchmore: Better that most of the Iron Mountain branch lines?

Mr. Bemis: I wouldn't say that,

Examiner Burchmore: What station buildings have you on the line?

Mr. Bemis: We have a station on building at Dian that is used jointly by the Ozan Lumber Company and the Prescott & Northwestern; we have a station at Blevins, a station at Belton, Tokio, Highland and Norvelle.

Examiner Burchmore: You mean station buildings?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: What is the character of these buildings?

Mr. Bemis: They serve the purpose. They were built for that purpose alone, with one exception, that at Highland.

Examiner Burchmore: And that at Dian? Mr. Bemis: And that at Dian, yes, Sir.

Examiner Burchmore: Well, with the exception of those 3660 two buildings, are the stations a small frame structure?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: With agents in them?

Mr Bemis: No agent who occupies the station all of the time, except at Norvelle and Tokio.

Mr. McRae: And Prescott. Mr. Bemis: And Prescott.

Examiner Burchmore: Did you mention Prescott as a station building?

Mr. Bemis: And Dian.

Examiner Burchmore: Dian and Prescott are about the same thing?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Have you any track scales?

Mr. Bemis: No. Sir.

Examiner Burchmore: You have warehouses at these stations for the receipt and delivery and storage of L. C. L. freight?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: How many I comotives has the railroad

company? And what other equipment?

Mr. Bemis: We have two 8-wheelers weighing 35 tons; one 4wheeler switch engine weighing 25 tons; two 10-wheelers weighing 55 tons, and one Mogul weighing 62 tons, and 103 cars of all descriptions.

Examiner Burchmore: Itemize those cars.

Mr. Bemis: 40 flat-cars, 13 coal cars, all of which are being converted into flat-cars, 21 box cars, 20 skeleton cars that are not now in use, 7 gravel cars, 1 caboose and 1 combination passenger and bag-

Examiner Burchmore: Those gravel cars, are they used for haul-

ing gravel for the right of way?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: There is no gravel bed on your line that

sends out gravel on the Iron Mountain?

Mr. Bemis: There is a gravel bed on our line in connection with the Dallas & Gulf. A large quantity of gravel was delivered to the Kansas City Southern and Frisco.

Examiner Burchmore: Was this sold to these railroads, or trans-

ported for the public?

Mr. Bemis: The gravel was used almost entirely by the Kansas City Southern and Frisco, for ballasting purposes.

Examiner Burchmore: Who owned the gravel beds?

Mr. Bemis: They belonged to a party named McMahon, and I think the Ozan Lumber Company is claiming an interest in 3662 forty acres.

Examiner Burchmore: Is the Ozan Lumber Company

selling any gravel?

Mr. Bemis: If it is finally determined that they have a right or an equity in that property, I suppose they will sell it, I don't know. Examiner Burchmore: Are your cars equipped with the neces-

sarv safety devices required by the Acts of Congress?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Is there any telephone or telegraph service on the road for the dispatching of trains and the transaction of railroad business?

Mr. Bemis: Telephone service.

Examiner Burchmore: With instruments in your various stations?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Is that telephone line owned by the railroad company?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Are there any wires leased to the lumber company?

Mr. Bemis: No. Sir.

3663 Examiner Burchard: Does the lumber company use the wires?

Mr. Bemis: Should the occasion arise.

Examiner Burchmore: How many crews, how many section gangs are engaged in track work on the road?

Mr. Bemis: We have four section gangs.

Examiner Burchmore: Do they spend any part of their time at work on the private logging-road of the Ozan Lumber Company?

Mr. Bemis: No, Sir.

Examiner Burchmore: You have how many station agents?

Mr. Bemis: Six.

Examiner Burchmore: Those men devote their entire time to agency work, or are some of them agents located at station towns?

Mr. Bemis: Mr. Helbig can better answer that question. Examiner Burchmore: You may answer now, Mr. Helbig.

Mr. Helbig: I think they are all merchants in a way, unless it is the one at Tokio, I don't know whether he is engaged in business, or not.

Examiner Burchmore: Are they paid on a commission basis?

Mr. Helbig: Our agent at Tokio is on a salary.

Examiner Burchmore: Are they employed also by the 3664 lumber company?

Mr. Helbig: No, Sir.

Examiner Burchmore: The arrangement made with those agents who devote only a part of their time to the railroad service, is substantially the same as the arrangement made by some trunk lines for agencies at small towns?

Mr. Helbig: Yes, Sir.

Examiner Burchmore: How many train crews have you, Mr. Bemis?

Mr. Bemis: We have two.

Examiner Burchmore: Only two train crews for seven or eight locomotives?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: What employés are there in the general office? First, let me ask: The general office of the railroad company is in the same rooms and the employés mingle with those of the lumber company?

Mr. Bemis: The general office is in the same building, of which building the Prescott & Northwestern practically occupy three rooms out of five. The rooms are communicating, and, of course, the em-

ployés of both commingle.

Examiner Burchmore: How many clerks are there in the general office of the railway company who devote their entire time to the railway service?

Mr. Bemis: There is one.

Examiner Burchmore: And that clerk receives his entire compensation for the railroad company?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Are there any joint employés?

Mr. Bemis: Mr. L. P. Beidelman, the Auditor, is an employé of the Ozan Lumber Company, who performs the service for the Prescott & Northwestern but receives no compensation, getting his entire pay from the Ozan Lumber Company.

Examiner Burchmore: Does the railroad company pay the lum-

ber company anything on account of his services?

Mr. Bemis: No. Sir.

Examiner Burchmore: Do you run any passenger trains? If so,

what are they? Are they run on regular schedules?

Mr. Bemis: We run a train which is usually a passenger train, but which we at times make a mixed train of when our other train has more than it can take care of.

Examiner Burchmore: The other train being a

train?

3666 Mr. Bemis: Yes, Sir; a mixed train.

Examiner Burchmore: Well, you have one mixed train and one train that is purely a passenger train at times, and at other times is also a mixed train?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Are these trains run on regular schedule?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Have you a time table?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Will that be filed in evidence.

Mr. Bemis: Yes, Sir.

Examiner Burchmore: How many freight, or logging trains, do you run daily aside from the two trains just referred to?

Mr. Bemis: Our mixed train hauls logs, local freight and carload

freight of all classes.

Examiner Burchmore: Do you have any other freight trains? Mr. Bemis: At times we have to send out extras to clean up if

enough stuff accumulates.

Examiner Burchmore: What is the average, or usual, number of

cars for this mixed train?

Mr. Bemis: Ten or fifteen cars.

3667 Examiner Burchmore: How many of these are logs?

Mr. Bemis: Usually ten cars.

Examiner Burchmore: That is the extent of the daily movement of logs?

Mr. Bemis: It is at this time.

Examiner Burchmore: Is it the usual extent the year round? Mr. Bemis: Sometimes, when we are accumulating logs in the pond, we operate an additional train.

Examiner Burchmore: And at other times there is a correspond-

ing reduction?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Do you handle the United States mails?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: You have several post-offices along the

Mr. Bemis: We have nine post-offices along the line.

Examiner Burchmore: Does any express operate over your line? Mr. Bemis: The Wells-Fargo.

Examiner Burchmore: Under a contract?

3668 Mr. Bemis: Yes, Sir.

Examiner Burchmore: Your train conductors are their messengers?

Mr. Bemis: Yes. Sir.

Examiner Burchmore: Your agents act also as agents of the express company?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: What is the extent of your passenger traffic? State it per day, month or year, per train. The annual report shows the total passenger mileage?

Mr. Bemis: Yes, Sir. Our passenger revenue for 1909-1910 was

\$6,305.04.

Examiner Burchmore: That was for one fiscal year?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Do the passengers travel on tickets as a usual thing?

Mr. Bemis: We try to have them.

Examiner Burchmore: Do you charge excess cash fare; do you make an extra charge where a cash fare is paid on the train?

Mr. Bemis: I don't think we do; I don't think that under the law we are permitted to.

3669 Mr. McRae: Don't you know that under the law you cannot?

Examiner Burchmore: Are employés of the mill company, or other employés of the Ozan Lumber Company transported free of charge?

Mr. Bemis: No. Sir.

Examiner Burchmore: Suppose they are traveling on lumber

company business, is fare paid for them?

Mr. Bemis: It may be possible that there has been some arrangement for the transportation of employés of the Ozan Lumber Company. Mr. Helbig can answer that question.

Mr. Helbig: All the Ozan hands. We do not pass anybody but

our own employés.

Examiner Burchmore: I suppose you issue passe to some employés on your line?

Mr. Helbig: Not to employés. We issue sometimes complimentary passes.

Examiner Burchmore: You have a less than carload traffic?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: What is the extent of that traffic, in a general way.

Mr. Bemis: I have the number of passengers carried in 1910.

3670 Examiner Burchmore: You may state that.

Mr. Bemis: Fifteen thousand, four hundred and eightyseven passengers carried.

Examiner Burchmore: That is for the fiscal year 1910?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: I didn't ask,—it is understood, of course, that any statistics given in the annual report will be referred to by the Commission as there set out.

Mr. McRae: I would like it understood that all facts stated in that

report will be made part of the record.

Examiner Burchmore: Any tariff or record on file with the Commission may be referred to by Counsel, as though it was a part of the record.

Mr. McRae: We would like to have it understood that it is now

made a part. And Mr. Bemis can give that, if he desires.

Examiner Burchmore: What is that? Mr. McRoe: The passenger traffic.

Examiner Burchmore: He has given that,

Examiner Burchmore: Now, the less than carload traffic, Mr. Bemis?

Mr. Bemis: I can't give the earnings on less than carload stuff.

3671 Examiner Burchmore: Your annual report shows the total carload traffic, does it not?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Does it not show the total less than carload? Possibly it don't show the total carload traffic, I thought it did.

Mr. Bemis: I don't think it does.

Examiner Burchmore: Well, give me some idea on that subject. Mr. Bemis: The inbound tonnage last year was 6827 tons; the outbound, other than the tonnage derived from the Ozan Lumber Company, was 34,674 tons.

Examiner Burchmore: That is the total tonnage, carload and less

than carload?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Exclusive of the Ozan Lumber Company outbound lumber?

Mr. Bemis: Yes, Sir, and logs.

Examiner Burchmore: Do you know what proportion of that tonnage is less than carload?

Mr. Bemis: No. Sir.

Examiner Burchmore: You handle, however, a substantial amount of less than carload freight?

Mr. Bemis: Yes, Sir, of all character.

Mr. Helbig: For the year ending June 30, 1910, our merchandise movement, less than carload lots, was 879 tons.

Examiner Burchmore: What were your revenues on that?

Mr. Helbig: I don't believe it shows.

Examiner Burchmore: I don't know that it is important.

Examiner Burchmore: What further information are you able to give with respect to your freight traffic and its character and extent? Make such statement as you can.

Mr. Bemis: The principal movement is logs and lumber, for the Ozan Lumber Company. The movement is general in character,

both of forest products for other people and outbound and inbound merchandise of all descriptions that are raised or used in an agricultural way.

Examiner Burchmore: What proportion of your total tonnage does the logs and lumber of the Ozan Lumber company comprise?

Mr. Bemis: Seventy-one per cent of our total.

Examiner Burchmore: That is, seventy-one per cent of the tonnage?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: What about the revenue?

3673 Mr. Bemis: The percentage of revenue from the Ozan Lumber Company business is thirty-nine per cent of the whole; we get sixty-one per cent of our revenues from the general public,

Examiner Burchmore: Well, on about seventy per cent of the ton-

nage, you get about thirty-nine per cent of the revenues?

Mr. Bemis: Yes Sir. You see the lumber and the logs are really counted twice, the inbound tonnage on the logs, we also include the

tonnage on the lumber outbound.

Examiner Burchmore: Some companies have given their statistics in the same way that you have in regard to the traffic, and have also stated them a little different. They have given the total tonnage of lumber out of the mill and then have shown the total tonnage of logs into the mill, and also the difference between the two.

Mr. Bemis: Yes, Sir.

Examiner Burchmore: So as not to count the logs twice, once in the shape of logs and the second time in the shape of lumber. Have you made any such separation of the figures?

Mr. Bemis: The estimated log tonnage, 80,000 tons; the lumber

outbound, 23,118 tons.

3674 Examiner Burchmore: Does the lumber company have any commissaries or company stores along the line?

Mr. Bemis: No, Sir.

Examiner Burchmore: Does it receive any considerable quantity

of mill supplies?

Mr. Bemis: No, Sir, except such stuff as is used by the Ozan Lumber Company at Prescott, and that comes through the Iron Mountain at Prescott.

Examiner Burchmore: It is not handled by the Prescott & North-

western?

Mr. Bemis: There may be some commodities on which there is a rate to Dian,—I am not sure of that,—out of which the Prescott & Northwestern derives some compensation.

Mr. Helbig: In most cases the Ozan freight is billed to Prescott proper, but we do have joint rates to Dian, and in such cases we get

a percentage.

Examiner Burchmore: Would that percentage be three dollars per car?

Mr. Helbig: Twenty-five per cent of the rate. Examiner Burchmore: From the river? Mr. Helbig: From wherever it originated.

Examiner Burchmore: That being less than carload stuff, I suppose nothing originates east of St. Louis.

Mr. Helbig: Well, I might add that all of our stuff from

the east is billed from the river.

Examiner Burchmore: You haven't described the towns along the line have you?

Mr. Bemis: No, sir.

Examiner Burchmore: Just make a brief general statement with reference to the towns, their population and character and the business and industries of each, in a very general way.

Mr. Bemis: The town of Blevins has some five or six stores, population I should guess maybe one hundred people, it has a saw-mill, a gin and a canning factory. The town of Kilgore has a saw-mill; just what the population is I cannot say, as the mill is not now being operated. Belton is a town of some four or five stores and a population of some twenty-five or thirty. Tokio is a new town, the junction of the M. D. & G., has a number of stores and some population. The towns along the line are all small, but, we hope, grow-

Mr. McRae: You have not referred to Highland or Nashville. Mr. Bemis: We operate a train jointly with the Memphis, Dallas & Gulf, this train being operated to Nashville.

Examiner Burchmore: Where is Nashville, on the M. D.

& G.?

Mr. Bemis: Yes, sir.

Examiner Burchmore: You operate this train jointly from Pres-

cott to Nashville?

Mr. Bemis: Yes, Sir; we operate the train to Nashville on a revenue basis. From Tokio to Nashville, for the use of the track of the M. D. & G., we give them one-third of the passenger earnings.

Mr. McRae: What is the population of Nashville?

Mr. Bemis: I couldn't say. Mr. McRae: You can't state?

Mr. Bemis: No, Sir, possibly three thousand.

Mr. McRae: It is the County Seat?

Mr. Bemis: Yes, Sir. Mr. McRae: Highland?

Mr. Bemis: Highland has one store and is the general office of the Arkansas Planting Company, which has a large area planted, something like two thousand acres.

Mr. McRae: Norvelle?

Mr. Bemis: Some five or six houses.
Mr. McRae: Stores?

Mr. Bemis: I think one or two stores. 3677

Examiner Burchmore: Are those last two towns on your line?

Mr. Bemis: Yes, sir.

Mr. McRae: Helbig, what is there?

Mr. Bemis: I don't think there are any stores at Helbig at all. Examiner Burchmore: What is your tonnage in farm products. in a general way?

Mr. Bemis: We handled 1846 tons of agricultural products, 98 tons of products of animals, and merchandise and miscellaneous 585 tons; that stuff originating on the Prescott & Northwestern. That is from July 1, 1909 to July 31, 1910. Examiner Burchmore: Not to June 30th?

Mr. Bemis: No, Sir. This statement was made up so as to include the peach movement during July, the fruit movement.

Examiner Burchmore: What is the extent of that peach move-

ment during July?

Mr. Bemis: We handled 68 cars of peaches, and, I think, 15 cars of cantaloupes. Examiner Burchmore: About what is your revenue on a carload

of that fruit?

Mr. Bemis: Mr. Helbig can answer that. 3678

Mr. Helbig: Twenty-five dollars, twenty-five for peaches. Examiner Burchmore: What is the revenue on the St. Louis & Iron Mountain?

Mr. Helbig: They get seventy-five dollars on the car.

Examiner Burchmore: You publish local passenger tariffs?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Those tariffs are filed with the Commission?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Do you have any local freight rates on carload, or less than carload freight traffic named between points on your line filed with the Interstate Commerce Commission so as to be applicable to Inter-State traffic?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: I will request that you file as part of this record, copies of any tariffs that do not bear I. C. C. numbers.

Mr. Bemis: We have only one, which is known as the Court

tariff.

Examiner Burchmore: It is not necessary to file this one. The other tariffs already being filed, need not be filed now. 3679

Mr. McRae: It is understood in this connection that all of the I. C. C. tariffs which the Prescott and Northwestern has made, or in which it has concurred, are made part of the record in this case.

Examiner Burchmore: Yes, Sir.
Examiner Burchmore: And you also say that the Court tariff is on file?

Mr. Bemis: The Commission has a copy of it.

Mr. McRae: And that may be considered as a part of the record? Examiner Burchmore: Yes, Sir. As a matter of fact the tariffs on file with the Commission, and our filed copies, are more accessible than those filed in this record.

Examiner Burchmore: Your company has also a number of joint tariffs issued by the Iron Mountain railroad, and perhaps by others?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Are there joint rates to points on your line from Inter-State points applying to class freight?

Mr. Helbig: Yes, Sir.

3680 Examiner Burchmore: And some commodity rates? Mr. Helbig: Yes, sir.

Examiner Burchmore: On peaches?

Mr. Helbig: Peaches, merchandise, as a matter of fact, practically

Examiner Burchmore: The general basis of the division on class rates is twenty-five per cent of the through rate, or twenty-five per cent of the rate to the river?

Mr. Bemis: Yes, sir; these rates are based on the Mississippi

River.

Examiner Burchmore: You are not a party to joint rates to Chicago, or points east of the Mississippi River?

Mr. Bemis: They break at St. Louis.

Examiner Burchmore: Will you testify to a division of rates on lumber, or are those questions to be asked Mr. Helbig?

Mr. Bemis: I can answer.

Examiner Burchmore: What are your divisions?

Mr. Bemis: To Texas, one cent; to all points east of the river, except Missouri Pacific points in Missouri, five cents; to all points west of the Missouri River, and including Missouri Pacific 3681 points in Missouri, six cents; to Rock Island Oklahoma points,

three and a half cents.

Examiner Burchmore: Do the joint rates on lumber apply to

Dian as a point of origin?

Mr. Bemis: We consider it a milling and transit privilege, and apply from Helbig through, although the lumber is filled from Dian.

Examiner Burchmore: Are there joint through rates from Helbig to Inter-State destinations on lumber the same as the Iron Mountain rates from Prescott?

Mr. Bemis: I think so.

Examiner Burchmore: The junction rate applies back on the line?

Mr. Bemis: Yes, sir.

Examiner Burchmore: What is the service for which this division

is paid?

Mr. Bemis: The service we perform consists in the movement of the logs from Helbig to Prescott, a distance of forty-one miles. Inasmuch as it required four carloads of logs to make one carload of lumber, this is equivalent to a lumber movement of one hundred and sixty-four miles. When the lumber is milled, if delivery is to be made to the Iron Mountain, the loaded cars are moved

from the Prescott & Northwestern tracks to a point on the Iron Mountain called the transfer track, a distance of about twelve hundred feet. In the event that delivery of lumber is made to the Memphis, Dallas & Gulf, there is an additional service consisting of the hauling of the empty cars from Tokio to Prescott and the return of the loaded cars to Tokio, making a total movement of thirty miles empty and thirty miles on the load.

Examiner Burchmore: Do you interchange any traffic with the Memphis, Dallas & Gulf aside from this joint train that you spoke

Mr. Bemis: Yes, sir, in a general way, on joint stuff.

Examiner Burchmore: What proportion of your stuff moves out over the M. D. & G.?

Mr. Bemis: A very small proportion.

Examiner Burchmore: Is the same proportion of division accorded

on that?

Mr. Bemis: We have no rates from the M. D. & G. to the Mississippi River, but to simple freight territory we get the same, and to western trunk lines we get the same.

Examiner Burchmore: The same rates and same division? Mr. Bemis: The same rates and same division.

3683 Examiner Burchmore: Do you turn over very much lumber to that other road?

Mr. Bemis: Very little.

Examiner Burchmore: How long has there been a connection between the two companies?

Mr. Bemis: I should think perhaps fifteen or eighteen months. Examiner Burchmore: When that connection was established, was there an increase in your divisions received from the Iron Mountain?

Mr. Bemis: Yes, sir.*

Examiner Burchmore: When you established divisions in connection with the M. D. & G., was there subsequently an increase in the divisions?

Mr. Bemis: No, sir.

Examiner Burchmore: The divisions have remained the same. Just for a matter of information, with what companies does the Memphis, Dallas & Gulf connect?

Mr. Bemis: With the Kansas City Southern at Ashdown, and

with the Iron Mountain at Nashville.

Examiner Burchmore: The Memphis, Dallas & Gulf is a party to this proceeding?

Mr. Bemis: It is a party to this proceding. 3684

Examiner Burchmore: Your company has a complete supply of stationery forms, bills of lading, way-bills, etc.?

Mr. Bemis: Yes, sir.

Examiner Burchmore: Does it comply with the State and Federal laws regulating railroads, such as the safety appliance acts and the accident laws?

Mr. Bemis: It does, yes, sir. Examiner Burchmore: Have you posted tariffs at stations where they are accessible to shippers?

Mr. Bemis: You will have to ask Mr. Helbig about that.

Examiner Burchmore: Mr. Helbig, the question was: Do you post your tariffs at stations where they are accessible to shippers?

Mr. Helbig: Well, all of our agents are supplied with tariffs, and, in addition, we have tariffs posted at the office in Prescott.

Examiner Burchmore: What is the valuation of the road, with equipment?!

[&]quot;No, sir." See letter P. & N. W. R. R., 3/11/11.

[†] Also St. L. & S. F. (Record, 4930). ‡ Letter P. & N. W., 3/11/11.

Mr. Bemis: The cost of the road was \$547.797.70; the cost of equipment \$84,278.29, that is to say, less the reserve for depreciation, making a total of \$580,140.16.

Examiner Burchmore: You charge depreciation?

Mr. Bemis: Yes, sir.

Examiner Burchmore: At what rate?

Mr. Bemis: Under the rules of the Interstate Commerce Commission.

Examiner Burchmore: You keep your books in accordance with the requirements of the Interstate Commerce Commission?

Mr. Bemis: Yes, sir.

Examiner Burchmore: Does the right of way upon which this railroad runs belong to the railroad company?

Mr. Bemis: Yes, sir.

Examiner Burchmore: Does it lease any right of way?

Mr. Bemis: No, sir.

Examiner Burchmore: The private tracks of the Ozan Lumber Company which are operated in part by the railroad company, is not considered part of the system, being leased lines?

Mr. Bemis: No. sir.

Examiner Burchmore: You handle no traffic over these lines for the general public?

Mr. Bemis: No, sir.

Examiner Burchmore: Has your road paid any dividends?

Mr. Bemis: No. sir.

3686 Examiner Burchmore: Has it been conducted at a loss, or at a profit?

Mr. Bemis: It has been conducted at a loss.

Examiner Burchmore: That has been its history?

Mr. Bemis: Yes, sir.

Examiner Burchmore: Have you any prospects of its becoming profitable?

Mr. Bemis: We hope so; we have spent lots of money.

Examiner Burchmore: From what source do you look for this im-

provement?

Mr. Bemis: We believe that we have the finest fruit country in the Southwest, and hope to build up a very large tonnage in peaches, cantaloupes and general truck.

Examiner Burchmore: Do you receive any salary from the rail-

road company?

Mr. Bemis: No, sir.

Examiner Burchmore: Do any other officers, who are not employed by the Ozan Lumber Company, receive any salary?

Mr. Bemis: Yes, sir; Mr. O. H. Helbig, the Secretary and Treas-

Examiner Burchmore: Is he an officer in both companies?

Mr. Bemis: No, sir.

Examiner Burchmore: He receives his entire salary from 3687 the railroad?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Is the interest paid on this five hundred and seventy odd thousand dollars owed to the lumber company?

Mr. Bemis: No, Sir; it is simply charged; they never earned

enough to pay even a small portion of the interest.

Examiner Burchmore: Then the unpaid interest each year is added to the amount of the indebtedness?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Well, a part of this indebtedness. I assume, is accounted for in the purchase of the rail?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: What was the cost of that rail?

Mr. Bemis: I don't remember now; it is practically all of it fifty-six pound relay rail.

Examiner Burchmore: Well, did it amount to fifty-six thousand

dollars?

Mr. Bemis: Just guessing at the quantity and guessing at the price, I should say there was forty or fifty thousand dollars' worth of rail.

3688 Examiner Burchmore: Have you those figures, Mr. Helbig? Is your estimate about the same?

Mr. Helbig: Yes, Sir; I would think so.

Examiner Burchmore: Now, you said a few moments ago that Dian and Prescott are practically the same place. Tell me a little about that. I understood that Dian was a mile from Prescott.

Mr. Bemis: Well, it is, in one corner.

Examiner Burchmore: Do you use the Iron Mountain depot at

Prescott?

Mr. Bemis: No, Sir, but we have entered into a contract, it has been prepared, whereby we use their depot at Prescott, or, I ought to say, their new depot that they are going to build.

Examiner Burchmore: Where do your trains terminate at

Prescott?

Mr. Bemis: We bring them up to the junction between the Iron Mountain and the Prescott & Northwestern, the interchange. We have what we call a transfer track, on which the Iron Mountain sets both the loads and the empties. On the stuff that the Prescott

& Northwestern delivers to the Iron Mountain, we take that stuff and put it on what we call the Iron Mountain transfer track. One track belongs to the Prescott & Northwestern,

and the other to the Iron Mountain.

Examiner Burchmore: There was formerly operated a saw-mill at Kilgore?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Why was that saw-mill closed down?

Mr. Bemis: It was sold by the Garrettson & Gleason Lumber Company, as I understand it, to some Canadian investors, and my further information is that they have gotten into a legal squabble of some kind, and until that is settled the mill will probably lie idle.

Mr. McRae: Right in that connection, I would like to have you state, if you know, about the holdings of that company.

The Beauty III is general way. I understand they paid smooth to immore and forty thousand dollars for the property face. I have be misinformed about that, but I know that have a smooth of timber.

Mr. Weekler It's increwood"

Mr. Binus Te. Sr.

The little You don't understand that that mill has been appropriate the possible of practicular without the operation of rate for them to handle that stuff without the operation of your road."

We Berney Our think so.

Examine Directioner How did that company gets its logs to

Mr. Bears The manife I think, all that was cut there, by

Francisco Mercinore Well was it possible for them to compete with your min when as a private tram-road, whereas they have

Wr. Beins 1- Sir they are now in the same situation that we were in the will have to build a railroad to get the timber.

Transmitted Well, they cannot continue in operation

Mr. Beens No. Ser there is a physical limit, you understand. A man one have be upon to a certain limit; beyond that point, a maintain will be the property of the certain limit; beyond that point,

They will build a railroad to connect with

may be been That - my undrestanding.

Transmer Burelineare Will your company be willing to

Mr. Benne Te for we will be glad to.

Example Miremore Wil von operate it for them?

Wit Benne No to

They will have to have their own engines?

It beens They will have to have their own engines and their

To would not be willing to operate that rease at the same as a von operate the Ozan Lumber Company?

Ar here I have be from the Ozan Lumber Company,

Examine Barchnoor If they laid down the track, would you be willing a secret it for the same charge?

Wir. Bennes I minut, we would

Exercise Burelineer Are there any other saw-mills on your

The Beauty See See small mills. I gave them some time ago in

Examine laredmore These mills get their logs by

Mr. Benes Tee Ser I think they do.

Examiner Burchmore: From the woods only to the mill?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Do any of those saw-mills haul their lumber from the mill to the railroad by wagon?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: They do that profitably?

Mr. Bemis: I don't know.

Examiner Burchmore: You don't pay any cartage charges to them for carting the lumber to your line?

Mr. Bemis: No. Sir.

Examiner Burchmore: You charge them the regular rate, and they have to stand the expense?

Mr. Bemis: Yes, Sir; there is no reason why they should not.

Examiner Burchmore: Well, that expense is very much larger than the expense of the Ozan Lumber Company, to get its lumber to your line?

Mr. Bemis: No, Sir; I don't think so. The idea is this, the Ozan Lumber Company performs the same service in moving 3693 their logs from their timber to their tap-line that the small

man performs in moving his logs from his timber to his mill. They both have to move the stuff in wagons to some point.

Mr. McRae: You can't take a railroad to every tree?

Mr. Bemis: No. Sir; you can load the logs on the cars without

the intervention of wagons.

Examiner Burchmore: Well, these tramroads do run to something very near every tree, you move them around so. I don't think that that question need be gone into any further. You say there is a limit to profitable wagon hauling, and when you get beyond that you have to build a railroad?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: And there is a limit to the extent that you can build a private tramroad profitably?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: If your division on lumber were increased, you could go further into the woods with your tram line?

Mr. Bemis: Well, you might increase the division so as to 3694 make anything profitable, provided the business will stand it.

Examiner Burchmore: Just one more line of questions and I will conclude. That is as to the method of handling and billing those logs and lumber. Will you testify as to that, or will Mr. Helbig?

Mr. Bemis: Well, Mr. Helbig can.

Mr. Helbig: The lumber is billed at Dian, and we also issue bills of lading.

Examiner Burchmore: You issue way-bills on the lumber?

Mr. Helbig: Yes, Sir; bill them there to all points on other lines. Examiner Burchmore: Now, let me see if I understand the practice correctly. The empty logging cars are taken out into the woods along the main line of the private tram-road.

Mr. Bemis: Yes, Sir.

Examiner Burchmore: The locomotives of the lumber company place these logging cars on the short branch of the tram-line?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: And they are loaded with logs by the logging employés. When loaded they are taken out by the lumber company locomotives and crews and placed, or assembled on 3695 the main line of the tram-road?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: And then over the main line of the Prescott & Northwestern?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: And sets them at the mill?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: What compensation does the Prescott & Northwestern get for that?

Mr. Bemis: They get one dollar per thousand feet.

Examiner Burchmore: What per cent does that amount to on the final output of lumber, two cents?

Mr. Bemis: Yes, Sir; a little over that, about three cents.

Examiner Burchmore: There is no billing at all that accompanies the cars to the mill?

Mr. Bemis: No, Sir; except the conductor carries the report out and hands it in.

Examiner Burchmore: Are the logs scaled out in the woods?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Who scales them?

Mr. Bemis: The scaler of the lumber company.

3696 Examiner Burchmore: The railroad company does not scale the logs?

Mr. Bemis: No, Sir.

Examiner Burchmore: When the train reaches Dian, the conductor reports the quantity of logs he has brought in?

Mr. Bemis: The number of cars.

Examiner Burchmore: A bill of lading is then issued to cover those cars?

Mr. Bemis: A record is made, that is all.

Examiner Burchmore: Then subsequently when the lumber is shipped out of the mill, a bill of lading is issued by the Prescott & Northwestern at Dian?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Where is that bill of lading headed?

Mr. Bemis: It is headed Dian.

Examiner Burchmore: The lumber, then, originates at Dian, according to the bill of lading, and not at Helbig?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: The bill of lading does not indicate that the lumber is manufactured from logs that come from beyond?

Mr. Bemis: No. Sir.

3697 Examiner Burchmore: And the same is true as to the way-bill?

Mr. Bemis: Yes. Sir.

Examiner Burchmore: Then the rate that is applied to the lumber is the published joint rate from Dian?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: And not the published joint rate from Helbig?

Mr. Bemis: No Sir; but the rate- from Dian to Helbig are the

same.

3698

Examiner Burchmore: The cars on which the lumber is loaded for Interstate transportation, are supplied by the Iron Mountain?

Mr. Bemis: Yes, Sir; entirely.

Examiner Burchmore: Disregarding for the moment the question of shipments that go over the M. D. & G., how are those cars set at the mill empty? Are they taken at the Iron Mountain interchange track by the locomotive of the Prescott & Northwestern?

Mr. Bemis: They are delivered at the transfer track at Prescott. Examiner Burchmore: And there the Prescott & North-

western crew take the empty cars to the mill?

Mr. Bemis: I can show you in a minute how that is done.

All cars are set on this track (indicating on map).

Examiner Burchmore: Mr. Bemis, will you state in the record how an empty car furnished by the Iron Mountain gets on to the private track at the saw-mill, where it is loaded?

Mr. Bemis: Well, there is no private track at the saw-mill. Examiner Burchmore: Well, there is some side-track there.

Mr. Bemis: The cars are loaded at the planing mill.

Examiner Burchmore: All the cars are loaded at the planing mill?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Is there any side-track at the planing mill?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Is that side-track ilentical with the interchange track?

Mr. Bemis: No, Sir.

Examiner Burchmore: How far does the Iron Mountain engine take the empty car?

3699 Mr. Bemis: About twelve hundred feet.

Examiner Burchmore: Where does it place it?

Mr. Bemis: On this transfer track.

Examiner Burchmore: That transfer track is owned by the Prescott & Northwestern?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Well, the Iron Mountain goes on the Prescott & Northwestern track for several hundred feet?

Mr. Bemis: For about twelve hundred, and we, in turn, go on the tracks of the Iron Mountain for the same distance, and consider——

Examiner Burchmore: How far does the engine pull the empty car from the transfer track to the planing mill?

Mr. Bemis: The switching movement would probably take three

or four hundred feet.

Examiner Burchmore: The planing mill is not located on this same transfer track?

Mr. Bemis: No. Sir.

Examiner Burchmore: On a different side-track?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Then the car is loaded with lumber?

Mr. Bemis: Yes, Sir. Examiner Burchmore: The engine of the Prescott & 3700 Northwestern, that crew and that engine, take this car from the side-track at the planing mill, and haul it down to the Iron Mountain right of way?

Mr. Bemis: Carry it and place it on the Iron Mountain transfer

track.

Examiner Burchmore: Then they go twelve hundred feet over your rails with the empty car, and you go for several hundred feet over their rails with the loadel car?
Mr. Bemis: Yes, Sir.

Examiner Burchmore: Now, do you handle any lumber for people other than the Ozan Lumber Company?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Give an example of some other saw-mill. Mr. Bemis: Well, we handle all of this lumber that originates on the line.

Examiner Burchmore: In the case of lumber that originates on the line, say at Tokio,-

Mr. Bemis: Yes, Sir.

Examiner Burchmore: You haul the car empty from the Iron Mountain railroad up to the saw-mill?

Mr. Bemis: Yes, Sir.

3701 Examiner Burchmore: The car is furnished by the Iron Mountain?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: And then you haul it loaded back to the Iron Mountain?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: And then you receive the same division that you receive on the Ozan Lumber Company track?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: And render a greater service?

Mr. Bemis: We do a greater service on the Ozan Lumber Company track.

Examiner Burchmore: On the lumber itself, you render a greater service on the other mills?

Mr. Bemis: Hauling freight is a matter of tonnage; it costs to haul the tonnage.

Examiner Burchmore: You say you perform a very much greater service on Ozan Lumber Company lumber than you do on lumber for other saw-mills, because you carry the logs into the mill?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Take a car of Ozan lumber that moves over the Memphis, Dallas & Gulf, you receive a car for that movement from the Memphis, Dallas & Gulf?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: You haul it down to the mill empty?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: It is loaded, then you haul it back to the Memphis, Dallas & Gulf?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: A distance of-

Mr. Bemis: Thirty miles.

Examiner Burchmore: The bill of lading is issued then at Dian, in such a case?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: And the through way-bill is issued at Dian?

Mr. Bemis: Yes. Sir.

Examiner Burchmore: Mr. McRae, I suggest that you file with the Commission for its information, a map similar to that which we have called for from other companies, a small sized map drawn to a scale. It may be a rough map or blue print, but should be drawn to Showing the entire line, including side-tracks and

3703 spur-tracks, showing all the saw-mills and interchange tracks with other railroads, and, in brief, showing the entire lay of the land.

Mr. McRae: We will endeavor to do that as soon as practicable, after we get a copy of the testimony to indicate what is wanted.

Mr. McRae: Mr. Bemis, you have a freight depot at Dian? Mr. Bemis: Yes, Sir.

Mr. McRae: You have an arrangement with one of the defendant carriers, the St. Louis, Iron Mountain & Southern Railway, for the joint use of the freight depot which we have in contemplation?

Mr. Bemis: Yes, Sir.

Mr. McRae: I will ask you to state if the lumber tonnage does not bear a lower rate than any other tonnage except, perhaps, coal?

Mr. Bemis: I think it does.

Mr. McRae: And that, then, is the reason for the disparity between the tonnage and the revenue, as referred to by the Examiner and to which he called your attention.

Mr. Bemis: Well, there is really a double service performed there,

we handle in logs what we again handle in lumber.

3704 Mr. McRae: The mill at Kilgore to which you have referred, is that a yellow pine proposition, or a hardwood proposition?

Mr. Bemis: It is a hardwood proposition; they have some yellow

pine, but practically all their timber is hardwood.

Mr. McRae: I understand that under the same conditions you would perform the same service for them as you do for the Ozan Lumber Company.

Mr. Bemis: Yes, Sir: I would be glad to.

Mr. McRae: Is the business, outside of transporting forest products, increasing, or decreasing?

Mr. Bemis: Increasing.

Mr. McRae: Do you operate under a tariff published by the different carriers, which provide for a milling in transit privilege, in which you concur?

Mr. Bemis: Yes, Sir.

Mr. McRae: The J. H. Bemis, you stated was your father, a member of the firm of Bemis & Whitaker, has he any interest in either the Prescott & Northwestern Railroad, or in the Ozan Lumber Company?

Mr. Bemis: Practically none; he has a small amount of stock in

the Prescott & Northwestern.

3705 Mr. McRae: No interest in the lumber company, and no substantial interest in the railroad company. His interest in the railroad company is simply to provide for the Board of Directors, as provided for by the laws of Arkansas?

Mr. Bemis: Yes, Sir.

Mr. McRae: In speaking of the probabilities of extending your road to the northwest, I will ask you if when you stated that you now have no proposition pending for that, is it not because you were not able to get the money to do it?

Mr. Bemis: Yes, Sir; that is undoubtedly the reason.

Mr. McRae: And not because you do not think with the proper capital it could be developed into a paying proposition if extended?

Mr. Bemis: Beyond any question it could.

Mr. McRae: Have you not also been importuned to build South to connect with what is known as the Beardsley road, on the Cotton Belt, to, I believe, Alexandria?

Mr. Bemis: Yes, Sir.

Mr. McRae: Is that not a practical proposition, if it could be financed?

Mr. Bemis: I think it is.

3706 Mr. McRae: That would require only the building of the road through Nevada County?

Mr. Bemis: Yes, Sir, thirty-five miles.

Mr. McRae: You say that you had no connection with the Prescott & Northwestern Railroad when it was organized, but do you not know that the people of Prescott subscribed a bonus of between eight and ten thousand dollars in order to have it constructed and built?

Mr. Bemis: Yes, Sir, that is my information.

Mr. McRae: Has the construction, since the reorganization and your connection with it, been of a substantial character?

Mr. Bemis: Yes, Sir.

Mr. McRae: And with a view of making it a permanent investment?

Mr. Bemis: Yes, Sir.

Mr. McRae: What has your company done to encourage the de-

velopment of the country along the line of the road?

Mr. Bemis: We have established an experimental farm and we have spent quite a good deal of money. I expect ten or fifteen thousand dollars on it; we have distributed seeds and plants; we have had the farmers congregate and discuss the various things that

can be produced more profitably than the things they are now producing, and I think that can be.

Mr. McRae: Did you advertise the resources of that country in any newspapers?

Mr. Bemis: Yes, Sir; we advertised in a number of newspapers, and issued our own advertising matter.

Mr. McRae: You issued a folder? Mr. Bemis: Yes, Sir.

Mr. McRae: Is that one of them?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: It may be filed in the record.

(The paper so offered and identified was received in evidence and thereupon marked Prescott & Northwestern Railroad Company Exhibit No. 1, Witness Bemis, received in evidence December 14, 1910, and is attached hereto.)

Mr. McRae: Were you exhibitors in the land show at Chicago? Mr. Bemis: I think we had as creditable a booth as any similar proposition.

Mr. McRae: And you incurred that expense because you have

faith in that country?

Mr. Bemis: Yes, Sir.

3708 Mr. McRae: If you can get a sufficient number of people-

Mr. Bemis: Yes, Sir. We have a large quantity of clays of various kinds, and a number of things which will offer for transporta-

Mr. McRae: How far does the road run from the diamond fields of that county?

Mr. Bemis: About four or five miles.

Mr. McRae: Is there a bona fide shipping public along that line?

Mr. Bemis: Yes, Sir.

Mr. McRae: How long has it been such? Mr. Bemis: For the past ten or twelve years.

Mr. McRae: Does, or does not, the management of that railroad give shipping service to that public, to all on like terms and conditions?

Mr. Bemis: Yes, Sir; we try to give them all equal service.

Mr. McRae: What has been developed in the way of the development of the country?

Mr. Bemis: Well, there have been large areas that we denuded a good many years ago, that is, the Ozan Lumber Company, that have

been opened up for settlement. There are a good many 3709 farms in that country that was all timber when I first went in

Mr. McRae: Through what counties does the road run?

Mr. Bemis: They pass through Nevada, Hempstead and Pike. Pike County, fifteen years ago the folks in that county were about as illiterate a bunch, their principal occupation was making corn enough to feed their hogs and make "Moonshine" whiskey, and they had no schools at all, and their scrip was only worth thirty cents on the dollar, and during that time there have been constructed just three of these lines, and since then the scrip is worth one hundred cents on the dollar, and I think, beyond question, we have seen a wonderful change in that country since we have been there.

Mr. McRae: You say three roads have been built through that county in that time?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: What railroads do you refer to?

Mr. Bemis: The Arkansas & Southwestern, which is not a part of the Iron Mountain, the Memphis, Dallas & Gulf and the Memphis & Southwestern.

Mr. McRae: Have you traveled over it?

Mr. Bemis: Yes, Sir.

Mr. McRae: What does the traffic, both passenger and 3710 otherwise, indicate?

Mr. Bemis: I can't say as to that, the portion in Pike County, I can't say what its traffic is.

Mr. McRae: Well, if you have traveled it, you know whether it is great, or small.

Mr. Bemis: It is not very large.

Mr. McRae: Is it not true that the beginning of what is now known as the Guerdon & Fort Smith Branch of the Iron Mountain, was built for the Smithton Lumber Company, incorporators?

Mr. Bemis: Yes, Sir; that is the outgrowth of the railroad that

belonged to the Smithton Lumber Company.

Examiner Burchmore: From looking at the map, Mr. Bemis, it appears that by means of your train service from Prescott to Nashville vou have established competition with the Arkansas and Louisiana line, from Hoke to Nashville?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: Is that a part of the Iron Mountain sys-

Mr. Bemis: Yes, Sir.

Mr. McRae: What has been the increase in the population along the line of your road in Nevada, Hempstead and Pike counties, since you have been connected with it?

Mr Bemis: I couldn't tell you in numbers, but through a country that had practically no one in there, except along certain roads, there have grown up a great many communities and a great many people.

Mr. McRae: Do you not serve as many as twenty thousand people

along the line of your road?

Mr. Bemis: Well I don't know that I would care to testify as to that. I don't know, I expect if you take it all in, we do.

Mr. McRae: What does the census returns show the increase in population of these three counties to be?

Mr Bemis: I haven't seen them.

Mr. McRae: Well, if I tell you that it is twenty to twenty-five per cent, would you be willing to express an opinion as to whether the increase in that part of the county is greater or less than in other parts of the county?

Mr. Bemis: I am satisfied that the increase is very much greater in that section than it was in the more settled part of the State.

Mr. McRae: You have been engaged in the saw-mill business and the railroad business since 1892. You have some knowledge of what we call short line railroads. Have you

known of any incorporated railroad in that section of the State that has not developed into a road of value to the community in which it is built?

Mr. Bemis: I know of a number that have developed, yes Sir, into roads of that kind. I assume also that there are others that are

starting out that will develop into these.

Mr. McRae: Can you name some, in addition to those you have named, that began as short line railroads, that have developed into

parts of systems, that operate in Arkansas?

Mr. Bemis: Yes, Sir. The Arkansas Southern, which I think now belongs to the Rock Island, is one; the Texarkana & Fort Smith is another. They both grew out of tap-line propositions.

Examiner Burchmore: The Commission is familiar with the fact that a great many short line roads have become component parts of

great systems.

Mr. McRae: I would like to get it in the record. Can you name another, the Louisiana and Arkansas is another?

Mr. Bemis: Yes, Sir; the L. & A. is another.

Mr. McRae: In your opinion, would it have been possible to build any of these roads, with the sparsely settled popula-3713 tion, without through rates, joint rates, and a division thereof?

Mr Bemis: I don't think so; no, Sir.

Mr. McRae: When did you acquire the greater part of your tim-

ber holdings for the Ozan Lumber Company?

Mr. Bemis: Well along between the years,—well, we acquired the greater part of them from 1902,—no 1900 up to this time, 1900 to 1907.

Mr. McRae: What, if any, timber holdings did you have when you and your associates acquired the control of the railroad?

Mr. Bemis: We had practically no timber at that time.

Examiner Burchmore: But you were in the mill business since 1892. Mr. Bemis: Yes, Sir; but we had a railroad and a mill and no

timber.

Mr. McRae: How did you get your timber? Mr. Bemis: We bought the timber as we got to it.

Mr. McRae: Is it not true that at that time there were no great bodies of timber through which this railroad penetrated?

Mr. Bemis: Yes, Sir, except at the extreme western end. Mr. McRae: Since that time you have built about thirty 3714 miles of the main line of the road?

Mr. Bemis: Yes, Sir.

Mr. McRae: And now, where is situated the most extensive of your holdings?

Mr. Bemis: At the extreme west of the line.

Mr. McRae: I believe you stated already, have you, that the original stockholders of the Ozan Lumber Company had no connection with, or interest in the organization of the railroad.

Mr. Bemis: No, Sir.

Examiner Burchmore: I think that question has been gone into fully.

Mr. McRae: Now, Mr. Bemis, I will ask you to state,—have you found what classes of property and what amount of tonnage, the total, that the road transported during the year 1909-10.

Examiner Burchmore: I think he gave the tonnage statistics

fully.

Mr. Bemis: The total tonnage, 144,619; the balance of the tonnage has been stated.

Mr. McRae: What did you receive for that tonnage?

3715 Mr. Bemis: \$80,463.85.

Mr. McRae: Did he state how many passengers he carried?

Mr. Bemis: Total gross revenue \$89,107.11.

Mr. McRae: You have stated that you run two trains a day each way, or a regular published schedule. I will ask you if the company furnishes separate compartments for the white and the colored, as required by the Arkansas law?

Mr. Bemis: Yes, Sir.

Mr. McRae: In connection with the movement of the products of the orchard, does the refrigerator service apply through that orchard country over the line?

Mr. Bemis: Yes, Sir; the movement has to be through refrig-

erator cars.

Examiner Burchmore: The ice is furnished by the Iron Mountain?

Mr. Bemis: The ice and the refrigerating charges are included in the rate; the A. R. T. people furnish the ice.

Mr. McRae: Does the Prescott & Northwestern carry the mail to Nashville?

Mr. Bemis: Yes, Sir.

Mr. McRae: And haul the business you have named along the line?

3716 Mr. Bemis: Yes, Sir.

Mr. McRae: How long has it had the carrying of the mail to Nashville?

Mr. Bemis: Several months.

Mr. McRae: What road was it carried by?

Mr. Bemis: The Iron Mountain. Mr. McRae: How did you get it?

Mr. Bemis: Because we were able to give them quicker service by five or six hours than the Iron Mountain.

Mr. McRae: We introduce this proof to show that this railroad is able to take care of the business as a railroad.

Mr. McRae: You have testified about the operation of trains?

Mr. Bemis: Yes, Sir.

Mr. McRae: How many section houses have you? Mr. Bemis: We have four groups of section houses.

Mr. McRae: One for each section?

Mr. Bemis: Yes. Sir.

Mr. McRae: What will the total receipts and total expenditures for the year 1909-10 show?

Mr. Bemis: Total receipts for 1909-10, \$79,210.64; the total expenses \$74,817.58, showing a gain of \$4393.06, less taxes \$3073.61, showing a net gain of \$1319.45.

Mr. McRae: Gain over what?

Mr. Bemis: Operating revenue over expenses.

Examiner Burchmore: Those taxes are quite substantial. you taxed on the same basis as other common carrier roads?

Mr. Bemis: Yes, Sir.

Mr. McRae: You are assessed by the Tax Commission as a rail-

Mr. Bemis: Yes, Sir.

Mr. McRae: On the mileage basis, like the main lines of other railroads?

Mr. Bemis: Yes, Sir.

Mr. McRae: Does your company report to and comply with the regulations of the Arkansas Railroad Commission?

Mr. Bemis: Yes, Sir.

Mr. McRae: Are the books of the railroad company kept separate from that of the Ozan Lumber Company?

Mr. Bemis: Yes, Sir.

Mr. McRae: Bank account separate? Mr. Bemis: Yes, Sir.

Mr. McRae: Is the railroad company a member of the American Car Association, American Railway Association?

Mr. Bemis: Yes, Sir. 3718

Mr. McRae: Do you pay a per diem for your cars?

Mr. Bemis: Yes, Sir.

Mr. McRae: Do you collect demurrage from the Ozan Lumber Company and other industries that you serve?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: It seems to me we have covered it rather fully, with the exception of one or two questions that perhaps have not been asked. I presume that the Officers of the Prescott & Northwestern, or some of them, enjoy annual passes over the Iron Mountain and other roads?

Mr. Bemis: Yes, sir; Mr. Helbig, Mr. H. E. Bemis and myself.

Examiner Burchmore: These passes are used?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: The Ozan Lumber Company manufactures pine lumber?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: No hardwood?

Mr. Bemis: No hardwood.

Mr. McRae: You sell your hardwood timber to those who manufacture hardwood?

Mr. Bemis: Yes, Sir. 3719

Mr. McRae: In reference to your transportation, I will ask you if you have exchange with the Santa Fe?

Mr. Bemis: Yes, Sir.

Examiner Burchmore: When were divisions on lumber shipments first established with your company?

Mr. Bemis: It has been fourteen or fifteen years ago.

Examiner Burchmore: When all the timber along the line has been finally cut off, will this railroad be taken up, or continued in

operation?

Mr. Bemis: We cannot take it up, as I understand it. We are proceeding on the theory that we have a good country and will develop enough transportation to make it profitable.

Examiner Burchmore: How much timber rights does the Ozan

Lumber Company own along this territory?

Mr. Bemis: Forty thousand acres.

Examiner Burchmore: About how many million feet in there?

Mr. Bemis: I think there is upwards of two hundred and fifty million.

Mr. McRae: In reference to the probability of taking up the line of the Prescott & Northwestern Railroad, I will ask you if
under the laws of the State of Arkansas, the road is not dedicated to the public and cannot be taken up.

Mr. Bemis: That is my understanding.

Examiner Burchmore: Well, you have already taken up a part of the railroad.

Mr. Bemis: No, Sir. Those were not parts of the railroad; they were shown on the map by the Railroad Commission, but were never claimed as a part of their line, they were simply temporary spurs.

Mr. McRae: In reference to the divisions, I will ask you if before you purchased any substantial timber—you have already stated that at the time you acquired the road you had very little,—you had an agreement with the Iron Mountain people that you would have the usual divisions if you acquired and constructed the road?

Mr. Bemis: Yes, Sir.

3721.

Examiner Burchmore: Is that a written, or a verbal agreement? Mr. Bemis: It is a verbal agreement, which is customary.

Examiner Burchmore: You have no written agreement with the railroad company covering the diivsion of rates, except tariff sheets?

Mr. Bemis: No, Sir.
Mr. McRae: As I understand you to say, that the company

would not, and could not have constructed this road without the promise and expectation of through rates and a division of rates? Mr. Bemis: Yes, Sir. I desire to add that we have spent between eighteen and nineteen thousand dollars in ballasting our line with

gravel during the years 1907 to 1910.

Burt Johnson was called as a witness, and having been duly sworn, testified as follows:

Mr. McRae: What is your name, residence and business, Mr. Johnson?

Mr. Johnson: Burt Johnson.

Mr. McRae: Upon what railroad do you live?

Mr. Johnson: I live at Highland, located on the Prescott & Northwestern.

Mr. McRae: How long have you resided at Highland, and how came you to settle there?

Mr. Johnson: I located there a little over six years ago. Be-

fore I located I was hunting a location for a commercial peach orchard, and found the location I was looking for there. I was looking for a peculiar location. When I was going in the peach business, I wanted to go where I could raise peaches every year, and I found that to be the case there.

Mr. McRae: Had a railroad been constructed to that point at

that time?

Mr. Johnson: No, Sir; it was located about nine miles from

there

Mr. McRae: Having found this ideal peach orchard land, what did you do before purchasing, with reference to conferring with the complainant carrier, and the defendant, the St. Louis & Iron Mountain?

Mr. Johnson: I first wrote a letter to the Missouri Pacific up in St. Louis, and told them I wanted to locate a commercial peach orchard, and they referred it to their commercial department, and soon the representative called to see me and told me they were willing to show me anything they had on their lines. I told them what I wanted was if I located there I would have competitive rates.

Mr. McRae: What understanding did you have with the Prescott

& Northwestern?

3723 Mr. Johnson: I had a consultation with the Prescott & Northwestern, and had the understanding that they were to maintain their track for a number of years.

Examiner Burchmore: Any given number of years?

Mr. Johnson: Well, yes, I had a written contract with the Prescott & Northwestern for fifteen years, and also the Missouri Pacific sanctioned—while I had no written contract, they gave me to understand—and have to this day carried out their agreement with me.

Examiner Burchmore: Is there any objection to filing this writ-

ten contract?

Mr. McRae: No objection.

Examiner Burchmore: Is there any information to be derived from it?

Mr. McRae: I don't know.

Examiner Burchmore: Dated what year?

Mr. McRae: About six years ago.

Examiner Burchmore: Did you feel it necessary to tie the Prescott & Northwestern up with a contract so they would not remove their railroad?

Mr. Johnson: We hadn't located there yet, and I wasn't going a long ways back from the Iron Mountain, you understand. The Iron Mountain said they would rather locate me on their land, but I said "You have no fruit land on your

line."

Mr. McRae. You had this understanding with the Prescott & Northwestern, before the Prescott & Northwestern had reached that

point?

Mr. Johnson: Yes, Sir.

Mr. McRae: And part of the contract was the construction of the railroad to that place? Wir Domester Te. 20

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Mr. Johnson: Yes, Sir.

Mr. McRae: Well, if you know anything special that the company has done in order to develop the country, you may 3727 state it.

Mr. Johnson: Well, they have done a great many things. Now, at our particular point, I have one packing house located nearby, they put in a switch there at their own expense.

Mr. McRae: How long?

Mr. Johnson: That switch, I suppose, is probably three hundred vards long.

Mr. McRae: About how much did it cost?

Mr. Johnson: I don't know, the railroad company put that in ti.emselves.

Examiner Burchmore: That is your packing house?

Mr. Johnson: Yes, sir. We have another packing house located about a little over a mile and a half off the line, to which we are now building a spur. We are building that, though, under the regular terms of railroading, we are building the grade and furnishing the ties, and they are doing the rest.

Mr. McRae: What is the condition of the country from the end of the line where it was when you first entered this country with a view of locating your orchard and now, as compared with

the number of people in it, the condition of the people there, you might call the land I located on run-down country, the This railroad was the first railroad that ever part that I took. crossed that ridge

Mr. McRae: What is the extent of the orchard?

Mr. Johnson: Something like twenty-two hundred acres.

Mr. McRae: Well, do you expect to plant more? Mr. Johnson: Yes, Sir: we are still planting.

Mr. McRae: How much more do you contemplate planting?

Mr. Johnson: Well, we will plant about two hundred acres more this Spring, that is, in that vicinity.

Mr. McRae: In all, how much do you contemplate taking in? Mr. Johnson: Well, there is no telling, we might take in fifty

thousand acres.

Examiner Burchmore: It seems to me that you have developed your interest in this country, and shown the extent of the traffic, You have shown that you are interested in continuing the traffic of that road.

Mr. Johnson: Yes, Sir.

Mr. McRae: I want to show that this railroad that runs through this country is susceptible of development. Mr. McRae: What was land worth then?

Mr. Johnson: Our first land, we bought from five to fifteen dollars an acre. 3729

Mr. McRae: What are the lands worth now?

Mr. Johnson; They are worth all the way from fifteen to thirty dollars, that is, the raw lands.

Mr. McRae: What are the orchards worth?

Mr. Johnson: All the way from one hundred and fifty to two hundred and fifty. If your Honor will permit me, I can illustrate.

Examiner Burchmore: I think you have fully proved the point. I think that you have proved that the country is being developed.

Mr. McRae: It will take a little time, and unless you deny him the right to make the statement, I would be glad-

Examiner Burchmore: You can take two or three minutes.

Mr. Johnson: I might state further that along the line, the fruit and vegetable and also the peanut industry is growing very largely, they are developing in every way.

Examiner Burchmore: You heard Mr. Bemis' testimony describing the railroad and its physical characteristics and the territory that it serves. You think this testimony is in the main correct?

3730

Mr. Johnson: Yes, Sir, I think so. Examiner Burchmore: Did you purchase your land from the Ozan Lumber Company?

Mr. Johnson: No, Sir; none of it.

H. M. Stevens was called as a witness, and having been duly sworn, testified as follows:

Mr. McRae: Mr. Stevens, state your name and residence. Mr. Stevens: H. M. Stevens. I live at Blevins, Arkansas,

Mr. McRae: Is Blevins situated on the Prescott & Northwestern Railroad?

Mr. Stevens: Yes, sir.

Mr. McRae: How far from Prescott?

Mr. Stevens: Fourteen miles.

Mr. McRae: Are you engaged in the mercantile business at Blevins?

Mr. Stevens: I am.

Mr. McRae: Did you hear Mr. Bemis' statement as to the character of services that he rendered and the character of the road that he had?

Mr. Stevens: Yes, Sir.

Mr. McRae: Do you think this substantially correct? 3731

Mr. Stevens: Yes, Sir.

Mr. McRae: Is this company furnishing shipping facilities to the shipping public along that road?

Mr. Stevens: Yes, Sir.

Mr. McRae: Does the road seek to meet that demand?

Mr. Stevens: It does, yes, Sir.

Mr. McRae: Is there any other way for the products of the neighborhood in which you live to get to market, except over the Prescott & Northwestern?

Mr. Stevens: There is not, no Sir. Mr. McRae: Do the shippers along the road use it for practically all of their business?

Mr. Stevens: They do. Mr. McRae: What do you know in your community as to what the management of the Prescott & Northwestern has done toward encouraging the development of the country.

Mr. Stevens: They have done a great deal according to my knowledge; they have encouraged truck growing; also they went so far as to furnish seed free of charge, shrubbery plants free of charge to the growers throughout the country.

Mr. McRae: You raise and ship potatoes to foreign mar-

kets at the station at which you live?

Mr. Stevens: We do, yes, Sir.

Mr. McRae: How many carloads did you ship last year?

Mr. Stevens: We shipped seven last year, but on account of the freeze; if it hadn't been for the freeze, I expect we would have shipped more than fifty. We had a big crop of potatoes, but the freeze came and killed them, and consequently killed off our crop.

Mr. McRae: You were born and raised in that community?

Mr. Stevens: Yes, Sir; born and raised. Mr. McRae: Will you tell the difference between the condition

of the people before the railroad and now?

Mr. Stevens: I couldn't hardly begin to tell, there is such a big difference. When the railroad first began to head our way, the people were not raising anything but corn and cotton, and hardly making a living, and since the road is coming in there, they are able to raise any kind of produce, cantaloupe, peanuts, and ship it out and get a ready market.

Mr. McRae: Isn't it true that the building of this railroad in and through the neighborhood of Blevins has developed it into 3733 one of the most prosperous communities anywhere in that

part of the country? Mr. Stevens: It has.

Examiner Burchmore: Judge McRae, I think it will suffice to ask Mr. Stevens if he fully corroborates and confirms the testimony heretofore offered with reference to the development of the country.

Mr. McRae: With the understanding that the Commission is satisfied that the country is being developed, we are willing to stop. Examiner Burchmore: It seems to me that you have made as

strong a record as you can reasonably make on the improvement of the country and the possibilities of the country.

Mr. McRae: We sincerely hope the Commission will take that

view of it. Mr. McRae: You operate a saw-mill?

Mr. Stevens: Yes, Sir.

Mr. McRae: What kind of lumber do you get?

Mr. Stevens: Hardwood, principally.

Mr. McRae: Do you buy that hardwood from the Ozan Lumber Company'

Mr. Stevens: No, sir. Mr. McRae: Where do you get your timber? 3734 Mr. Stevens: From different parts of the woods.

Mr. McRae: You are satisfied with the rates?

Mr. Stevens: I am.

Mr. McRae: And with the terms you receive from this company?

Mr. Stevens: Yes, Sir; fully satisfied.

Mr. McRae: That is all. We had a witness from Nashville, but he is not present. We want to prove by that witness that the people of Nashville are not only satisfied with the service, but they are anxious to have it kept up. And I will state in that connection that it is a fact, that we wish that service to be continued to Ashdown.

Examiner Burchmore: You as Counsel state that, the witness would not testify to that effect.

Mr. McRae: Yes, Sir.

Examiner Burchmore: Well, I think that will suffice.

Mr. McRae: I am informed that he would state that the service to Nashville is the best that goes to Nashville at this time.

Mr. McRae: I wanted to file the petition of 7 shippers from Kilgore; 25 from Blevins; 19 from Dotson; 5 from Dixon; 16 from Redlands; 18 from Belton; 33 from Tokio; 39 from Highland; and 2 from Norvelle.

(The papers so offered and identified were received in evidence and thereupon marked Prescott & Northwestern Railroad Company. Exhibit- Nos. 2, 3, 4, 5, 6, 7, 8, 9, 10, received in evidence December 14, 1910, and are attached hereto.)

Mr. Bemis: In addition to the industries already mentioned, there are the following firms getting out ties and piling and staves: Western Tie and Timber Company, St. Louis, Mo.; J. K. Wortham, Belton, Ark.; John Ball, Belton, Ark.; W. L. Nelson, Blevins, Ark.; Gibson & Cunningham, staves, Dallas, Texas; another concern from Chicago: Henry Gund, Lacrosse, Wis.

Mr. McRae: We refer to a letter or communication addressed by the Chairman and his Associate Commissioners, of the Arkansas Commission, to the Interstate Commerce Commission, dated August 27, 1910. You have that letter, and we ask that it be understood as being a part of the record. I will not encumber the record with a copy of it.

Examiner Burchmore: What is the Chairman's name?

Mr. McRae: Falconer. Examiner Burchmore: It will be understood that the Commission will refer to that letter. We will adjourn until two o'clock.

3737

After Recess.

Saginaw and Quachita River Railroad Company.

(T. M. Mehaffy, Esq., Attorney representing the Saginaw and Ouachita River Railroad Company, Present.)

Frank Neimeyer, was called as a witness, and having first been duly sworn, testified as follows:

Direct examination:

Examiner Burchinore: I understand that the Saginaw and Ouachita River Railroad Company is controlled by the stockholders of the Saginaw Lumber Company through stock ownership?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: And that the Saginaw Lumber Company,

in turn, is controlled by the A. J. Neimeyer interest, which control the Neimeyer Lumber Company?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: And who are interested in the lumber and the mills which we refer to?

Mr. Neimever: Yes sir.

Examiner Burchmore: What is your position with the Saginaw and Ouachita River Railroad Company?

Mr. Neimeyer: Secretary and Treasurer.

Examiner Burchmore: Are you an officer of the Saginaw 3738 Lumber Company?

Mr. Neimeyer: Secretary and Treasurer.

Examiner Burchmore: Mr. A. J. Neimeyer is President of both Companies?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: Who is Auditor of the Railroad Com-

Mr. Neimever: C. J. Trowbridge.

Examiner Burchmore: Who is the Traffic Manager of the Railroad Company?

Mr. Neimeyer: We have a General Manager, F. N. Van Houten. Examiner Burchmore: Is Mr. Trowbridge an officer of the Lumber Company?

Mr. Neimeyer: He is not.

Examiner Burchmore: Is Mr. Houten an officer, and if so what office?

Mr. Neimeyer: No office.

Examiner Burchmore: Is he not the General Manager of the Lumber Company?

Mr. Neimever: Yes sir.

Examiner Burchmore: Then you correct your remark?

Mr. Neimeyer: Yes, he is General Manager of the Lumber Company—rather Superintendent or whatever you call him. 3739 He is not Manager.

Examiner Burchmore: Well, he is an officer or employed?

Mr. Neimeyer: Employed as Superintendent.

Examiner Burchmore: I understand that the Saginaw and Ouachita River Railroad connects with the Iron Mountain System at Saginaw Junction, Arkansas?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: And that from that point it runs on to the east bank of the Ouachita River?

Mr. Neimever: Yes sir.

Examiner Burchmore: At a point known as Saginaw?

Mr. Neimeyer: The Post-Office is known as Saginaw—the billing point—is known as Ouachita.

Examiner Burchmore: Does it cross the river?

Mr. Neimeyer: No sir.

Examiner Burchmore: Does this railroad connect with any other main line railroad?

Mr. Neimeyer: No sir.

Examiner Burchmore: What is its total rail mileage?

Mr. Neimeyer: Two and three-fourths miles including switches,

3740 Examiner Burchmore: And how much is the net main line?

Mr. Neimever: I think two and a half miles.

Examiner Burchmore: Are there any private tram lines connecting with this Railroad?

Mr. Neimever: There are not,

Examiner Burchmore: Are there any other private trans lines in that vicinity which originate traffic for this railroad?

Mr. Neimever: Across the Ouachita River on the west side.

Examiner Burchmore: That is the private tram road of the Saginaw Lumber Company?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: What is the mileage of that private train road?

Mr. Neimeyer: Between 12 and 14 miles.

Examiner Burchmore: How much of that would you describe as being main line?

Mr. Neimever: None of it.

Examiner Burchmore: It is all short spurs?

Mr. Neimeyer: Well, it extends into the timber—I suppose you would call it all main line. There are no branches from it that I know of. It is just one line I think.

3741 Examiner Burchmore: How do you cross the river with traffic?

Mr. Neimeyer: We bring our logs in on the west side of the river and unload them and roll them into the river and they are floated across to the saw mill, which is on the east bank of the Ouachita River.

Examiner Burchmore: The river acts as a mill pond?

Mr. Neimever: Yes sir.

Examiner Burchmore: Are there are industries along the line of the Saginaw and Ouachita River Railroad?

Mr. Neimeyer: There is a saw mill that manufactures furniture stock and hardwood, gum and oak—manufactures furniture stock.

Examiner Burchmore: Where is that mill located?

Mr. Neimever: Near Ouachita.

Examiner Burchmore: Well, the road is only two miles long, and it has to be near both ends of its road line?

Mr. Neimeyer: It is much closer to Ouachita than Saginaw Junction.

Examiner Burchmore: Within a few hundred feet?

Mr. Neimeyer: About three hundred yards I would say.

3742 Examiner Burchmore: From the end of the line?
Mr. Neimeyer: Yes sir.

Examiner Burchmore: Where does that mill get its logs?

Mr. Neimeyer: Buys them from individuals,

Examiner Burchmere: Where do those individuals get the logs? Mr. Neimeyer: They haul them by wagon.

Examiner Burchmore: From north and south of the line?

Mr. Neimeyer: Yes sir. Examiner Burchmore: Those logs do not come across the river?

Mr. Neimeyer: No sir. Examiner Burchmore: Is this hardwood gum and oak timber. cut on land owned by the Saginaw Lumber Company?

Mr. Neimever: It is not.

Examiner Burchmore: Nor in which it has stumpage rights?

Mr. Neimeyer: None at all.

Examiner Burchmore: What is the population of Saginaw?

Mr. Neimeyer: Possibly 250. Examiner Burchmore: How many of that number are emplovees of the Saginaw Lumber Company, including their 3743 families?

Mr. Neimeyer: 250. Examiner Burchmore: The entire town is composed of Saginaw Lumber Company people? Mr. Neimeyer: Yes sir.

Examiner Burchmore: Are there any stores there?

Mr. Neimeyer: Yes sir, Examiner Burchmore: There is a company store at that point?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: Is there any other store there?

Mr. Neimeyer: None at all.

Examiner Burchmore: This may be described in common parlance as a Company town?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: Any farms along the railroad? Mr. Neimeyer: Yes sir, there are.

Examiner Burchmore: Well, do they ship anything over the Railroad?

Mr. Neimeyer: Very little. They are so close to the Iron Mountain that they can haul by wagon and only have the one haul.

is cheaper for them. 3744 Examiner Burchmore: Are there any stave makers on the

line?

Mr. Neimeyer: No sir. Examiner Burchmore: Then the only industries that ship over this line are the saw mills of the Saginaw Lumber Company and this small mill near Ouachita?

Mr. Neimeyer: There are some little freights less than car load

lots shipped.

Examiner Burchmore: But not by industries?

Mr. Neimeyer: No sir, not by industries, Examiner Burchmore: When was this railroad constructed?

Mr. Neimeyer: I could not tell you; it has been there fifteen or sixteen years.

Examiner Burchmore: When was the saw mill built?

Mr. Neimeyer: Well, there has been a sawmill there that long, 1 think, and that one burned down and the new one was rebuilt.

Examiner Burchmore: Well, was the saw mill established and the railroad open about the same time?

Mr. Neimeyer: I rather think so.

Examiner Burchmore: That is your impression?

Mr. Neimeyer: Yes, that is before my time though.

3745 Examiner Burchmore: Well, was this saw mill first established by the Saginaw Lumber Company, or was it purchased by them for prior owners?

Mr. Neimeyer: Purchased by them from prior owners? Examiner Burchmore: In what year was the purchase? Mr. Neimeyer: I could not tell you exactly. I think 1895.

Examiner Burchmore: You have been operating the saw mill since that time?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: Is it your understanding that the logs for this mill were formerly obtained on the east side of the river?

Mr. Neimeyer: No sir.

Examiner Burchmore: Always have been carried across the river? Mr. Neimever: Yes sir.

Examiner Burchmore: Does the Saginaw Lumber Company own any saw mills along the railroad?

Mr. Neimeyer: It does not.

Examiner Burchmore: What is the extent of its timber holdings across the river?

3746 Mr. Neimeyer: At the present time?

Examiner Burchmore: Yes.

Mr. Neimeyer: About 5,000 acres, including agricultural land-

Examiner Burchmore: How much timber is there in feet?

Mr. Neimeyer: About 24,000,000 acres.

Examiner Burchmore: About Twenty four million?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: When was the railroad Company incorporated if you know?

Mr. Neimeyer: In 1905.

Mr. Mehaffy: Counsel tenders in evidence a certified copy of the articles of incorporation which seems to be dated in June 1905 and under which this corporation is formed as a common carrier railroad under the laws of Arkansas.

The charter so offered and identified was received in evidence, and thereupon marked "Defendant's Exhibit #1, received in evidence

December 14th, 1910," page —, and is attached hereto.

Examiner Burchmore: It will not be necessary to file this charter but it will be noted that it was tendered in evidence and the statement will appear on the face of the record.

3747 Mr. Mehaffy: Right at this point? I also tender a certified copy of the order of the Board of Incorporators that was introduced in the other case applying to the other road this morning.

Examiner Burchmore: That was dated in June 1905?

Mr. Mehaffy I beg pardon.

Examiner Burchmore: That was dated in June 1905?

Mr. Neimeyer: That is the proper date, isn't it?

The total capital Examiner Burchmore: Yes, that is correct. stock of this railroad, as provided for in the charter, seems to have been \$25,000.00. Was that amount of stock actually issued in the beginning?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: Was it fully paid for?

Mr. Neimeyer: In cash, no sir. Examiner Burchmore: How was it paid for?

Mr. Neimeyer: It was carried as an asset in the Saginaw Lumber Company's books to the amount of \$25,000.00. You understand Mr. Examiner, the road was already built and was incorporated afterwards.

Examiner Burchmore: The stock was issued in eachange for the railroad, in fact?

3748 Mr. Neimeyer: Yes.

Examiner Burchmore: The railroad had previously belonged outright to the Saginaw Lumber Company?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: Has the Saginaw Railroad company any bonds?

Mr. Neimever: No sir.

Examiner Burchmore: Any other indebtedness?

Mr. Neimever: No sir.

Examiner Burchmore: The railroad corporation, therefore and the lumber company, are substantially identical in interest at the present time and have been since the date of incorporation of the railroad. although they are distindt and separate corporations?

Mr. Neimeyer: Well, there is quite a number of stockholders in the Saginaw Lumber Company that own no stock in the railroad

company.

Examiner Burchmore: What are the total holdings of those stockholders?

Mr. Neimeyer: In the Lumber Company—the holdings of the lumber company that are not in the railroad company?

Examiner Burchmore: Yes.

3749 Mr. Neimeyer: I would think 60%.

Examiner Burchmore: Then a minority interest in the lumber company owns this railroad?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: Then how does this minority interest get

to acquire the railroad?

Mr. Neimeyer: I understood that in the begin-ing—that prior to the incorporation, the lumber company owned the railroad. They did in fact.

Examiner Burchmore: Sir? Mr. Neimeyer: They do in fact.

Examiner Burchmore: They do to day in fact?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: This railroad is a standard gauge?

Mr. Neimever: Yes sir.

Examiner Burchmore: Does it hold any trackage rights over the Iron Mountain?

Mr. Neimever: None at all.

Examiner Burchmore: Does it accord trackage rights to any other company?

Mr. Neimever: No sir.

Examiner Burchmore: What is the weight or rail?

3750 Mr. Neimeyer: 56 pounds I think.

Examiner Burchmore: Who furnished that rail?

Mr. Neimeyer: I could not tell you.

Examiner Burchmore: Is it owned by the railroad company?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: Is the right of way on which this road is constructed owned by the railroad company?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: In fee?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: What is the nature of the ballast?

Mr. Neimeyer: Why, it is just a dirt road: I don't think there is any ballast.

Examiner Burchmore: Any grades in the road?

Mr. Neimeyer: None at all.

Examiner Burchmore: Any bridges? Mr. Neimeyer: A few small ones.

Examiner Burchmore: Any station buildings?

Mr. Neimeyer: None at all.

Examiner Burchmore: Any side tracks other than those at the mill at Ouachita?

3751 Mr. Neimeyer: None at Ouachita, no sir.

Examiner Burchmore: Any inter-change track with the Iron Mountain?

Mr. Neimever: Yes sir.

Examiner Burchmore: Who owns that inter-change track?

Mr. Neimeyer: The Saginaw and Ouachita River Railroad Company.

Examiner Burchmore: Is the private tram line of the Saginaw Railroad Company west of the river, narrow or standard gauge?

Mr. Neimeyer: Narrow,

Examiner Burchmore: That is built of lighter tails?

Mr. Neimever: Yes thirty five pounds.

Examiner Burchmore: Is that private tram road operated by the Railroad Company?

Mr. Neimever: No sir.

Examiner Burchmore: Do any engines owned by the railroad Company, or cars owned by the railroad company, move over this private tram road?

Mr. Neimeyer: No sir.

Examiner Burchmore: Then the railroad company has nothing to do with the private tram road?

Mr. Neimeyer: None at all. 3752

Examiner Burchmore: Do the joint through -ates purport to apply over that private train road?

Mr. Neimeyer: I never considered it as such.

Examiner Burchmore: Well, on the face of the tariff, do they so apply?

Mr. Neimeyer: No sir.

Examiner Burchmore: How many locomotives has the railroad Company?

Mr. Neimeyer: One.

Examiner Burchmore: How many cars?

Mr. Neimeyer: One caboose which is used as a passenger accommodation car for passengers, and freight and mail.

Examiner Burchmore: Any other cars?

Mr. Neimeyer: No sir.

Examiper Burchmore: Our reports show one passenger car and one freight car? Is that all the same car?

: That is the only one I know of.

Examiner Burchmore: Then our record should show one half of a passenger and one half of a freight car.

Mr. Neimeyer: I did not make that report.

Examiner Burchmore: Well I did not make it. I suppose the man looked at the car and filled out both blanks. How many employees are engaged in track work on this railroad?

Mr. Neimeyer: I think there are two or three. It varies, there are not many.

Examiner Burchmore: They only devote a past of their time to

the railroad?

Mr. Neimeyer: They do no other labor, only to the road, but they do not work at that in certain seasons of the year-only the dry season.

Examiner Burchmore: You have no station employees?

Mr. Neimeyer: No sir.

Examiner Burchmore: You have no train crew?

Mr. Neimever: One train crew.

Examiner Burchmore: How many employees are there in the general office on a salary basis?

Mr. Neimeyer: Only one. You mean in the general office, clerks and bookkeepers?

Examiner Burchmore: Yes.

Mr. Neimeyer: Why, there is not any that devotes his entire time.

Examiner Burchmore: What is the total compensation

paid to this general office force by this railroad? 3754

Mr. Neimeyer: Well, we have an auditor who receives \$50,00 and the General Superintendent and the Clerks and Bookkeepers, figures \$595.83.

Examiner Burchmore: Per month or per annum?

Mr. Neimeyer: Per month.

Mr. Neimeyer: Yes sir.

Examiner Burchmore: Does the Auditor receive any salary from the lumber company?

Mr. Neimeyer: I don't think he receives any from the Saginaw

Lumber Company.

Examiner Burchmore: But he receives some from the Little Rock Maumelle and Western?

Mr. Neimever: Yes sir.

Examiner Burchmore: Are these salaries amounting to \$595.83 paid to the men or to the company?

Mr. Neimever: Paid to the lumber company.

Examiner Burchmore: To cover the services rendered by these employees to the railroad company?

Mr. Neimever: Yes sir.

Examiner Burchmore: Are your trains or any of them operated on a regular schedule?

Mr. Neimeyer: Yes sir. Examiner Burchmore: Have you any public time table?

Mr. Neimeyer: No sir, we have had a typewritten copy made several times.

Examiner Burchmore: How many trains daily have you?

Mr. Neimeyer: Two.

Examiner Burchmore: Two each way? Mr. Neimeyer: Yes sir, two each way.

Examiner Burchmore: Do those trains connect with the Iron Mountain train?

Mr. Neimeyer: The passenger trains?

Examiner Burchmore: Yes. Mr. Neimeyer: Yes sir.

Examiner Burchmore: Does the train consist of one car and one engine?

Mr. Neimever: Yes sir.

Examiner Burchmore: How many freight trains do vou run daily?

Mr. Neimever: It is a combination train.

Examiner Burchmore: Then there is more than one car in train is there?

3756 Mr. Neimeyer: If there is any lumber to be brought out, there are—we have empties to go in.

Examiner Burchmore: Do you carry the United States mail?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: Under a regular railroad contract?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: That contract is with the Post Office Department?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: Do you carry express?

Mr. Neimeyer: No. no express.

Examiner Burchmore: Do you carry passengers for hire?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: Those passengers purchase tickets?

Mr. Neimeyer: No sir, no tickets; cash fare.

Examiner Burchmore: What were the total receipts during the past year, or during any period that you figure, for passenger traffic? Mr. Neimeyer: Three hundred and Twenty-nine Dollars and

Eighty-five cents.

Examiner Burchmore: For the last fiscal year?

Mr. Neimeyer: Yes sir. 3757

Examiner Burchmore: How many passengers were carried one mile?

Mr. Neimeyer: 3,298 I guess if the figure the way I see it here.

Examiner Burchmore: Then the fare is 10 cents

Mr. Neimeyer: 10 cents, yes sir; we could figure that out of course.

Examiner Burchmore: That is not the number of passengers carried one mile, but the total number of passengers carried?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: What was your total freight tonnage for

any period?

Mr. Neimeyer: Last year—the fiscal year—my figures show 9274 I notice there is a little difference between our annual report and those figures.

Examiner Burchmore: What is that statement?

Mr. Neimeyer: I see that my report shows 9274 tons.

Examiner Burchmore: Is that the total tonnage of freight?

Mr. Neimeyer: Yes, lumber and all commodities.

Examiner Burchmore: Well, that is quite a falling off from the previous year, isn't it?

Mr. Neimeyer: I had not noticed that.

Examiner Burchmore: For the fiscal year 1909, this report claims approximately 15,000 tons; is that incorrect?

Mr. Neimeyer: I could not tell you.

Examiner Burchmore: Well, do you think it is incorrect?

Mr. Neimeyer: Well, I don't know as it would be: I think we shipped a good deal more possibly in the year previous than we did in the past fiscal year.

Examiner Burchmore: What proportion of this total tonnage was

furnished by the Saginaw Lumber Company?

Mr. Neimever: Practically all of it.

Examiner Burchmore: Would you say that 99% was a reasonable estimate?

Mr. Neimeyer: Well, 98 or 99—something like that. Examiner Burchmore: What was the remainder of that tonnage—the nature of the remainder of your traffic?

Mr. Neimeyer: Flour and grain and groceries.

Examiner Burchmore: The major portion of that miscellaneous traffic was intended for the company's store, was it not?

Mr. Neimeyer: Yes sir.

3759 Examiner Burchmore: Did you handle any traffic for other persons than this company's store?

Mr. Neimever: Very little I suppose: I am quite sure.

Examiner Burchmore: As much as one hundred tons?

Mr. Neimeyer: No, I would rather think not. Examiner Burchmore: As much as ten tons?

Mr. Neimeyer: Possibly so.

Examiner Burchmore: You have regular passenger fares?

Mr. Namever: Yes sir.

Examiner Burchmore: And your tariff rate is ten cents per ride? Mr. Neimeyer: Yes sir.

Examiner Burchmore: Do you have any local freight rates published?

Mr. Neimeyer: We have published them, but they have not been approved.

Examiner Burchmore: Published but not approved by the State

commission?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: Are they on file with the Interstate Commerce Commission?

Mr. Neimeyer: I don't think so, as yet.

3760 Examiner Burchmore: You are a party to joint rates on lumber with the Iron Mountain system?

Mr. Neimever: Yes sir.

Examiner Burchmore: Is the rate from Ouachita on lumber the same as the Iron Mountain rate from Saginaw Junction? Does the Junction point rate apply back on your line?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: Then you take the same rate from your mill that you would take if located on the Iron Mountain really?

Mr. Neimeyer: Well, everything is billed from Ouachita.

Examiner Burchmore: I mean, the rate in cents per hundred pounds published is the same from your mill as if you were on the

Iron Mountain really?

Mr. Neimeyer: I think so.

Examiner Burchmore: What division do you receive on lumber traffic?

Mr. Neimeyer: 7.4 cents.

Examiner Burchmore: Where does the major portion of this lumber go to? Is there any particular territory?

Mr. Neimeyer: To the North Central States.

3761 Examiner Burchmore: The division there is four cents?
Mr. Neimeyer: Well, we have system points—what we call

system points. The Iron Mountain and the Missouri Pacific points we get three and four cents to; four to St. Louis and three cents from connected lines.

Examiner Burchmore: Is there any traffic on which you receive only two cents?

Mr. Neimeyer: Not to my knowledge.

Examiner Burchmore: Have you ever received a division exceeding four cents?

Mr. Neimever: Not that I know of.

Examiner Burchmore: What service does this railroad Company

render for which it should be paid three or four cents per hundred

pounds as a division?

Mr. Neimeyer: The empty cars are switched in on the interchange track of the Iron Mountain and to the train which they operate from Ouachita to Saginaw Junction, and return—goes to the Interchange track and takes those cars to Ouachita and they are loaded with lumber and the lumber is hauled back to this interchange track.

Examiner Burchmore: Who issues the Bill of Lading?

Mr. Neimeyer: The Railroad company.

3762 Examiner Burchmore: The Saginaw and Ouachita River Railroad Company?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: These divisions are not supposed to take care partially of the expense of bringing the logs into the mill?

Mr. Neimeyer: No sir.

Examiner Burchmore: What is the maximum charge that you know allowed by the State Commission of Arkansas for switching movements of two miles?

Mr. Neimeyer: I could not tell you. My recollection is that it

is—two miles—did you say?

Examiner Burchmore: Yes, Mr. Neimeyer: I think the limit is three miles. Examiner Burchmore: What is the amount?

Mr. Mehaffy: My recollection is that it is \$3.00.

Examiner Burchmore: Per car?

Mr. Mehaffy: Yes sir. It is said to be now as high as \$8.00, and

five miles is the minimum.

Examiner Burchmore: Does this railroad comply with the state and interstate laws governing the conduct of interstate carriers?

3763 Mr. Neimeyer: Yes sir.

Examiner Burchmore: It files the necessary reports with the commission?

Mr. Neimever: Yes sir.

Examiner Burchmore: Keeps its accounts in the prescribed manner?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: Is the road operated at a profit or at a loss?

Mr. Neimeyer: At a profit.

Examiner Burchmore: What dividends has it paid since its incorporation?

Mr. Neimeyer: I don't know as to dividends; it is in the annual report

Examiner Burchmore: They will be shown in the annual report filed with the Commission?

Mr. Neimever: Yes sir.

Examiner Burchmore: How long have these reports been filed ever since incorporation?

Mr. Neimeyer: I think so.

Examiner Burchmore: What was the purpose of the incorporation of this company?

3764 Mr. Neimeyer: To be able to serve the public as a common carrier.

Examiner Burchmore: Well, it was already there? It did not require to be incorporated to serve anyone did it?

Mr. Neimeyer: Well, to do business as a railroad, and to be run as a railroad, I think it would be better to be incorporated than not.

Examiner Burchmore: Were you advised by the St. Louis and Iron Mountain and Southern Railroad Company to incorporate this railroad?

Mr. Neimeyer: Not to my knowledge.

Examiner Burchmore: When were divisions first accorded to this road?

Mr. Neimeyer: They have been receiving divisions for years. I could not say just when.

Examiner Burchmore: Prior to 1905?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: Was this railroad incorporated in order to legalize its divisions?

Mr. Neimeyer: I don't know.

Examiner Burchmore: Well, you don't answer no.

Mr. Neimeyer: No sir.

Examiner Burchmore: Has the railroad a surplus at the present time?

Mr. Neimeyer: Has it a surplus? Examiner Burchmore: Yes.

Mr. Neimeyer: I think so.

Examiner Burchmore: What is the amount of that surplus?

Mr. Neimeyer: I am not sure whether it has or not.

Examiner Burchmore: If I say that the report dated May 25, 1910, shows net revenue of \$4,343.06 from the operation of the road for the fiscal year ending June 30, 1909, during which year the total receipts were \$9,153.50, would you say that the figures were substantially accurate and in accord with your impression?

Mr. Neimeyer: I think so.

Examiner Burchmore: This report shows, as to the disposition made of the net revenue, that it is being allowed to accumulate. Is that the usual disposition made of net revenues on your road?

Mr. Neimeyer: I think it is, although I am not familiar with that as I might be.

Examiner Burchmore: It is your understanding, though, that this road is operated at a substantial profit?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: Are your division sheets filed with the commission?

Mr. Neimeyer: Yes sir.

Cross-examination:

Mr. Mehaffy: Mr. Neimeyer, this road performs all the services of a common carrier just as any main line does—takes all the property or persons that offer for transportation?

Mr. Neimever: Yes sir.

Mr. Mehaffy: I believe you said that it complies with all the regulations and rules of the Interstate Commerce Commission and the Railroad Commission of Arkansas?

Mr. Neimever: Yes sir.

Mr. Mehaffy: Do you know how it is taxed by the authorities of Arkansas—whether as other railroads by the same body?

Mr. Neimeyer: Just the same.

Mr. Mehaffy: You are controlled and regulated by the 3767 Arkansas Railroad Commission?

Mr. Neimeyer: Yes sir.

Mr. Mehaffy: Now, Mr. Examiner, there are some three or four general questions I want to ask that do not particularly apply to this railroad, but they do apply to the intervener's contentions?

Examiner Burchmore: Very well.

Mr. Mehaffy: You have been asked by the Examiner about incorporating this road. I will ask you if it is not true that the railroad company-any railroad company-cannot condemn rights of way or exercise the right of eminent domain at all without being incorporated as a railroad company?

Mr. Neimeyer: That is my understanding of the law.

Mr. Mehaffy: As a common carrier?

Mr. Neimever: Yes sir.

Mr. Mehaffy: In many of these localities-most of them in factthe timber on these roads cannot be reached in any other way but by a railroad, can they?

Mr. Neimeyer: That is my understanding. Mr. Mehaffy: And in order to reach those bodies of timber, it is . necessary, of course, to cross tracts of land now and then that belong to private individuals that you could not cross at all without you had the power to condemn?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: Mr. Mehaffy, what is the application of

these questions to this case?

Mr. Mehaffy: I said they did not apply to this case particularly. but the questions were asked by the intervener on vesterday and I had no opportunity to ask any such questions.

Examiner Burchmore: This testimony would be applicable more especially to the Little Rock, Mammelle and Saline? This road has condemned no property?

Mr. Mehaffy: No sir.

Examiner Burchmore: The line across the river was not obtained through condemnation proceedings?

Mr. Mehaffy: No sir; I stated to your Honor that they did not apply to this case.

Examiner Burchmore: I understand.

Mr. Mehaffy: This road was already in operation and owning its right of way. I believe you said, before it was ever incorporated?

3769 Mr. Neimeyer: Yes sir.

Mr. Mehaffy: Of course, there was no necessity for it to incorporate for that purpose.

Mr. Neimeyer: No sir.

Mr. Mehaffy: You charge ten cents a mile on this road?

Mr. Neimeyer: No sir. Mr. Mehaffy: Ten cents—

Mr. Neimeyer: For the entire distance, two and one half miles.

Mr. Mehaffy: What, is the fare?

Mr. Neimeyer: Ten cents.

Mr. Mehaffy: I mean, what is the law-it is three cents?

Mr. Neimeyer: I believe it is about that.

Examiner Burchmore: Two more questions. Do the officers of this railroad company receive any interstate transportation as such officers?

Mr. Neimeyer: Yes.

Examiner Burchmore: I believe you have testified in connection with the —— and Great Western that certain officers of that corporation receive free interstate transportation?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: In addition to the gentlemen mentioned in that connection, are there any other officers of that company who receive transportation of this company.

Mr. Neimeyer: Only the President and Secretary.

Examiner Burchmore: They receive that as officers of this particular Company?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: They use these passes?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: What is the distance from Saginaw Junction to St. Louis?

Mr. Neimeyer: Three Hundred-

Examiner Burchmore: About three hundred miles? Mr. Neimeyer: No, three ninety and some odd miles. Examiner Burchmore: Nearly four hundred miles?

Mr. Neimeyer: Yes sir.

Examiner Burchmore: What is the car load rate on lumber from Saginaw Junction to St. Louis?

Mr. Neimeyer: 18 cents I believe.

Examiner Burchmore: What is your division of the 18 cent rate when applied from Ouachita?

Mr. Neimeyer: Four cents.

Examiner Burchmore: Then, for a haul on the empty car of two miles and a small fraction and a haul of a loaded car of about two miles, you receive four cents per hundred pounds?

Mr. Neimeyer: Yes sir; it is two and a half miles.

Examiner Burchmore: Leaving fourteen cents for the Iron Mountain haul of four hundred miles, approximately.

Mr. Neimever: Yes sir.

Examiner Burchmore: In your judgment, is that a fair and adequate division of the rate to be accorded to the Iron Mountain?

Mr. Neimeyer: Yes, I would think so.

Examiner Burchmore: The Iron Mountain has no reasonable right to expect a larger division of that rate?

Mr. Neimeyer: No.

Mr. Mehaffy: Referring back to condemnation, I want to ask you if you do not know that these trunk lines and other railroads cannot condemn land in Arkansas for private industries; in other 3772 words, if it is just to get to a saw mill or other industry, that

they are not authorized to condemn?

Mr. Neimeyer: No, that is my understanding, that they are not.

Mr. Riddell: Have you in your experience—can you recall an understanding, or have you ever heard of one, where in the division of rates between a short originating line and a long trunk line, the basis is mileage?

Examiner Burchmore: That is not the Commission's understand-

ing, but that basis obtains.

Mr. Neimeyer: No.

Mr. Riddell: Is it not the general custom to give the originating line a much larger proportion of the relative pro rata because of the fact that it originates the tonnage?

Mr. Neimever: Yes sir.

Mr. Riddell: You say you have been getting a division for sometime on this road? How many years was it?

Mr. Neimeyer: L.don't know exactly but several years.

Mr. Riddell: Is it as much as seven years?

Mr. Neimeyer: More than that,

Mr. Riddell: Well your division is the same now as it was 3773 originally?

Mr. Neimeyer: I think so. Mr. Riddell: On the St. Louis rate?

Mr. Neimeyer: I think so.

Mr. Riddell: The rate to St. Louis prior to 1903 was sixteen cents, I believe. Do you know that to be a fact?

Mr. Neimeyer: No I do not.

Mr. Riddell: The point I was trying to make Mr. Examiner was that—and I know this by reason of the fact that the Iron Mountain argued it about a different case before Commissioner Harlan—that when the rate was sixteen cents the said line got the same proportion as then—all of the increase went to the Iron Mountain when the increase was made.

Mr. Neimeyer: I am quite sure that we received the same division ever since we received any; what the rate was at that time I do not

know.

Mr. Jeffrey: Mr. Neimeyer, if the Iron Mountain rate was made on the same scale that your divisions are made on, the rate would be on Yellow Pine from Ouachita Junction to St. Louis about \$8.00 per hundred, would it not?

3774 Mr. Neimeyer: That would be about the calculation, I

guess.

Mr. Jeffrey: You think that is a fair rate?

Mr. Neimeyer: Is it? Mr. Jeffrey: Yes.

Mr. Neimeyer: I think not.

Mr. Jeffrey: I would like to make a statement for information. I am informed—through my connection with the Iron Mountain and Missouri Pacific—that following a decision of the Vicksburg-Shreve-port case, known as the first tap line case, decided by Commissioner Prouty, the Missouri Pacific advised the traffic department that it would be illegal to pay an allowance or a division of any kind to an unincorporated tap line; but that it would be legal to pay a division to an incorporated tap line; and I am informed that following that decision—that opinion of the legal department—that the traffic department advised all lumber interests along their line, wherever they had been giving an allowance, which I believe was the custom at the time, that they would no longer do so unless their lines were incorporated.

porated, and new lines they advised that they had to be incor-

3775 porated. I thought I would get that in the record.

Examiner Burchmore: Is there any further statement you desire to make, Mr. Neimever?

Mr. Mehaffy: There may be some exhibits we want to file.

Examiner Burchmore: We desire a map of the road drawn to scale, and that map should show the private tram line of the lumber company as well as this railroad itself, and it should show the mill location and refer to the Iron Mountain system, and any other information that will be necessary to make up a complete map of this region.

Mr. Neimever: That will all be furnished.

Examiner Burchmore: We would also like a statement for the last fiscal year of the total tonnage of lumber handled on account of the Saginaw Lumber Company and the total tonnage of other freight handled on account of that Company or handled on account of — for persons or firms in which that company is interested, and, separately set out, the figures on traffic for the general public, lumber and merchandise. State those figures in tons and in dollars.

Mr. Mehaffy: What time would you suggest for that?

Examiner Burchmore: At your convenience, in a week or fortnight. They may be mailed to the commission.

3777 Roosevelt and Western Railroad Company.

(Appearances, Charles T. Coleman, Esq. Attorney for the Roosevelt and Western Railroad Company).

J. P. Schuh, was called as a witness, and having been first duly sworn, testified as follows:

Direct examination:

Examiner Burchmore: Where do you reside, Mr. Schuh?

Mr. Schuh: Cairo, Illinois.

Examiner Burchmore: Are you an officer of the Roosevelt and Western Railroad Company?

Mr. Schuh: Yes sir.

Examiner Burchmore: You are President?

Mr. Schuh: President.

Examiner Burchmore: Where is the line of the Roosevelt and

Western Railroad?

Mr. Schuh: It runs west from a new station called Roosevelt on the M. H. & L. branch about half way between Tallulah and Lake Providence.

Examiner Burchmore: The M. H. & L. Branch of what?

Mr. Schuh: It used to be called the M. H. & L. branch of the Iron Mountai-; it is from McGee to Ferriday.

Examiner Burchmore: Where is that on the map-up

3778 near Ruston?

Mr. Schuh: Here it is (indicating).

Mr. Gutheim: Was formerly known as Stamboul?

Mr. Schuh: Yes sir.

Mr. Gutheim: What lumber company has a mill on this line?
Mr. Schuh: The J. B. Schuh Lumber Company—my own con-

Mr. Gutheim: Where is that mill located?

Mr. Schuh: 18 miles west of Roosevelt where the junction is where we meet the Iron Mountain.

Examiner Burchmore: What is the name of the mill or station?

Mr. Schuh: Lynchville.

Examiner Burchmore: What is the total mileage of this railroad?

Mr. Schuh: Eight miles,

Examiner Burchmore: At Lynchville, the road divides into two branch lines?

Mr. Schuh: Yes, but the one going straight out is just now being

laid.

Examiner Burchmore: Eight miles are in operation?

3779 Mr. Schuh: Yes sir.

Examiner Burchmore: This road runs through a timber country?

Mr. Schuh: Yes sir.

Examiner Burchmore: Are there any farms on the line?

Mr. Schuch: Yes, three large farms.

Examiner Burchmore. How long have these farms been in operation—a, long period of time?

Mr. Schuh: Well, I don't know how long, but that railroad was

built there about nine years ago, I think they started out.

Examiner Burchmore: Are there any other industries along the line besides this saw mill and these farms?

Mr. Schuh: No. sir.

Examiner Burchmore: No small mills?

Mr. Schuh: No sir.

Examiner Burchmore: Any farmers or local inhabitants who cut staves and other small forest products?

Mr. Schuh: No sir, no other forest products that comes off the

property.

Examiner Burchmore: When was this railroad constructed?

Mr. Schuh: In 1909—in the spring of 1909, a little over a year ago.

3781

Examiner Burchmore: And the whole of the present line was constructed at that time.

Mr. Schuh: No, not all of it; we have added about three miles to it since that time.

Examiner Burchmore: That three miles is on that southern branch line beyond the mill?

Mr. Schuh: Yes sir.

Examiner Burchmore: When was the mill opened?

Mr. Schuh: In June 1907.

Examiner Burchmore: The mill was opened before the line was built?

Mr. Schuh: Yes sir.

Examiner Burchmore: How do you get your lumber from the mill to the railroad?

Mr. Schuh: We got it out with wooden tram and mule—we tried

Examiner Burchmore: You had a wooden tram line?

Mr. Schuh: Yes sir.

Examiner Burchmore: Was that tram line incorporated? Mr. Schuh: No sir.

Examiner Burchmore: Did it have any name?

Mr. Schuh: No sir.

Examiner Burchmore: Or receive any division?

Mr. Schuh: No sir.

Examiner Burchmore: It was just about the same as a wagon haul?

Mr. Schuh: Just a wagon haul.

Examiner Burchmore: Did it have any cars?

Mr. Schuh: No sir. Well-

Examiner Burchmore: Kind of wagon cars?

Mr. Schu-: Yes, sir no wheel trucks—tram trucks.

Examiner Burchmore: When was this railroad incorporated?

Mr. Schuh: The fourth of May 1909.

Examiner Burchmore: About the time the construction began?

Mr. Schuh: Yes sir.

Examiner Burchmore: What was the total capital stock of the railroad?

Mr. Schuh: \$50,000,00.

Examiner Burchmore: What was that entire capital stock issued?

3782 Mr. Schuh: No sir.

Examiner Burchmore: How much was issued?

Mr. Schuh: Only \$15,000.00.

Examiner Burchmore: Was that paid for in cash?

Mr. Schuh: No sir.

Examiner Burchmore: How much was paid for—paid for or by the lumber company—of this road?

Mr. Schuh: The entire road.

Examiner Burchmore: The right of way and constructing of the railroad?

Mr. Schuh: The constructing of the railroad with the equipment?

Examiner Burchmore: The railroad was at that time completed for the purchase price for the distance completed?

Mr. Schuh: Yes sir.

Examiner Burchmore: Has any additional capital stock been issued since thag original \$15,000.00?

Mr. Schuh: No sir.

Examiner Burchmore: That is the present capital stock?

Mr. Schuh: Yes sir.

3783 Examiner Burchmore: How were the extensions of the line financed?

Mr. Schuh: Well, now, when we originally bought that road, we bought it for \$10,000.00? I don't quite understand you, I don't believe. Since that there has \$5,000.00 in stock more been issued, which makes the \$15,000.00 paid up.

Examiner Burchmore: Was this \$5,000.00 in stock given to the lumber company, or given at its direction in exchange for the rail-

road turned over?

Mr. Schuh: Yes sir.

Examiner Burchmore: It was not used in building the road?

Mr. Schuh: No it had already been built then.

Examiner Burchmore: Who furnished the steel rails out of which this road was constructed?

Mr. Schuh: Why, we leased the rails from the Iron Mountain Railroad.

Examiner Burchmore: Was that old rail?

Mr. Schuh: Yes sir.

Examiner Burchmore: What is the rate of payment for the rail?

3784 Mr. Schuh: Six per cent on the valuation per ton—\$29.00 a ton.

Examiner Burchmore: That valuation represents the fair market value of the rail?

Mr. Schuh: Yes, \$29.00 a ton, I think the contract reads; I have not it here with me but that is the rate.

Examiner Burchmore: You have the privilege of turning it back?

Mr. Schuh: Yes or buying it.

Examiner Burchmore: How long does that lease run?

Mr. Schuh: Eight years.

Examiner Burchmore: This railroad then, was incorporated and constructed subsequent to the first announcement of the commission in the so-called Star Grain and Lumber Company case?

Mr. Schuh: I don't know when that was.

Examiner Burchmore: Did you ever hear of the tap line question?

Mr. Schuh: Yes sir.

Examiner Burchmore: Before you built this road?

Mr. Schuh: Read it in the lumber journal?

3785 Examiner Burchmore: Before you built this road Mr. Schuh?

Mr. Schuh: Just about that time I think.

Examiner Burchmore: Mr. J. M. Kennedy is Vice-President of the railroad Company?

Mr. Schuh: Yes sir.

Examiner Burchmore: Is he an officer of the J. P. Schuh Lumber Company?

Mr. Schuh: He is not; he is not connected with it.

Examiner Burchmore: Is that lumber company incorporated? Mr. Schuh: No sir.

Examiner Burchmore: It is a co-partnership between individuals?

Mr. Schuh: Just an individual business.

Examiner Burchmore: Lee Shields is Secretary Treasurer of the Railroad Company?

Mr. Schuh: Yes sir.

Examiner Burchmore: Do you receive any salary from the railroad Company?

Mr. Schuh: He has no interest in it whatever; he is in the lumber

company.

3786 Examiner Burchmore: Do you receive any salary from the railroad?

Mr. Schuh: No sir.

Examiner Burchmore: Do these other gentlemen receive salaries from the railroad?

Mr. Schuh: No sir.

Examiner Burchmore: The Railroad pays no salaries to its officers?

Mr. Schuh: No sir, it has not got it to pay.

Examiner Burchmore: Do you own the entire capital stock of the railroad company?

Mr. Schuh: Yes, practically so.

Examiner Burchmore: Except directors' qualifying shares?

Mr. Schuh: Yes sir.

Examiner Burchmore: Who owns those?

Mr. Schuh: Mr. Kennedy and Mr. Shields and several other parties.

Examiner Burchmore: They did not buy these for cash did they?

Mr. Schuh: No I gave them the shares of stock for services

rendered in helping me get the rights of way and

3787 drawing up the papers etc.

Examiner Burchmore: What proportion of the timber lands or timber rights along this railroad do you own or hold?

Mr. Schuh: We own all of it that the road is now on. I have

drawn a lead pencil mark around it-9600 acres.

Examiner Burchmore: These lands are timber holdings enclosed in pencil lines on this sketch which will be received in evidence marked Exhibit # —, are owned by your company?

Mr. Schuh: No. not the lands.

Examiner Burchmore: The land or timber rights?

Mr. Schuh: The timber rights yes sir; we do not own the land. Examiner Burchmore: Well then, the tap line corporation is substantially owned by yourself—this road at this time?

Mr. Schuh: I expect to have to divide up that ownership later on.

Examiner Burchmore: You hold no trackage right from the Iron Mountain system?

Mr. Schuh: No sir.

Examiner Burchmore: Is this a narrow or standard gauge 3788 system?

Mr. Schuh: Standard gauge.

Examiner Burchmore: What is the weight of the rail?

Mr. Schuh: One and one eighth mile, the main line from Roosevelt to Lynchfield station is 56 pounds; the other is thirty five and forty.

Examiner Burchmore: Is the road graded?

Mr. Schuh: Yes sir.

Examiner Burchmore: Ballasted?

Mr. Schuh: Not ballasted.

Examiner Burchmore: Do you have any station buildings? Mr. Schuh: No sir I would not call it a station building? Examiner Burchmore: How many locomotives?

Mr. Schuh: One.

Examiner Burchmore: Was that purchased second hand from the railroad Company:

Mr. Schuh: No I bought that from some railroad company but not the Iron Mountain I have forgotten who I did buy it from.

Examiner Burchmore: How many cars have you and what 3789 description?

Mr. Schuh: Fourteen.

Examiner Burchmore: Logging cars.

Mr. Schuh: Ten of them are logging cars. Examiner Burchmore: What are the other four?

Mr. Schuh: Two are box cars and two slab cars—refuse cars I would say.

Examiner Burchmore: What are these box cars used for?

Mr. Schuh: Well, we use them for taking men and almost anything up and down the line to work.

Examiner Burchmore: Work cars?

Mr. Schuh: Work cars.

Examiner Burchmore: Have you any station agent?

Mr. Schuh: One at Lynchville.

Examiner Burchmore: Does he devote his entire time to the station business?

Mr. Schuh: No not his en' re time.

Examine Burchmore: He works also for the lumber company?

Mr. Schuh: Yes sir.

Examiner Burchmore: What proportion of his salary does he get from the railroad Company?

Mr. Schuh: He gets half of it.

3790 Examiner Burchmore: You have one train crew?

. Mr. Schuh: Yes sir.

Examiner Burchmore: Do they do any work for the lumber Company?

Mr. Schuh: They do not.

Examiner Burchmore: What other employees has the Railroad

Company if any?

Mr. Schuh: Besides the agent and the train crew, it has the section foreman and a section gang of five; it varies; sometimes it is three and sometimes eight or nine.

Examiner Burchmore: Do you run your trains on regular sched-

ule?

Mr. Schuh: No sir.

Examiner Burchmore: An irregular service?

Mr. Schuh: Irregular service.

Examiner Burchmore: You carry passengers for hire?

Mr. Schuh: No.

Examiner Burchmore: Do you carry any merchandise for the general public? Mr. Schuh: Yes sir.

Examiner Burchmore: How extensive is that movement? Mr. Schuh: Well, it is all that is offered. This year at 3791 the present time I think it is about 600 tons, consisting or rice, cotton, cotton seed meal and hav.

Examiner Burchmore: Well, those are farm products?

Mr. Schuh: Farm products, that's all.

Examiner Burchmore: Do you handle anything else but farm products or lumber?

Mr. Schuh: Nothing else.

Examiner Burchmore: You do not carry mail or express matter?

Mr. Schuh: No sir.

Examiner Burchmore: How much lumber does your railroad haul

for the Schuh Lumber Company?

Mr. Schuh: This year so far I believe it has hauled about four and a quarter million feet or about fifty five hundred to six thousand tons.

Examiner Burchmore: Does your lumber company haul the logs

to the mill?

Mr. Schuh: Yes sir.

Examiner Burchmore: And hauls the lumber out of the mill?

Mr. Schuh: Yes sir.

Examiner Burchmore: The cars are furnished for the lum-3792

ber shipments-

Mr. Schuh: They are furnished by Iron Mountain; their system cars, and our engine goes out that mile to the station and gets them and brings them back and when they are loaded our crew and engine brings them out to the Iron Mountain main line.

Examiner Burchmore: Does your lumber company have any

locomotives?

Mr. Schuh: No sir.

Examiner Burchmore: Any cars?

Mr. Schuh: No sir.

Examiner Burchmore: Then the Railroad Company hauls the logs from the woods into the mill?

Mr. Schuh: Yes sir.

Examiner Burchmore: What is its pay for that service?

Mr. Schuh: They get one cent a thousand for that. I allow them that for the simple reason that our division—the service of making the switch out to the main line and back with system cars take about all the revenue that we derive, which is the division.

Examiner Burchmore: Is there any bill of lading or way bill issued for the movement of logs into the Mill?

Mr. Schuh: My instructions are to issue way bills.

Examiner Burchmore: Then way bills are issued after the logs reach the mill?

Mr. Schuh: No, they are billed out to wherever the camp is.

Examiner Burchmore: You send way bills out before the logs are shipped?

Mr. Schuh: Oh, No, they go with the train crew; they bring them

with the train of logs.

Examiner Burchmore: Then the train crew have a way bill with them when the- bring their logs in?

Mr. Schuh: Supposed to have, but I regret to say that they forget it about half of the time.

Examiner Burchmore: That does not affect the promptness of the movement at all, does it?

Mr. Schuh: No.

Examiner Burchmore: The conductor does not hesitate about bringing in logs for which he has no billing?

Mr. Schuh: I don't know whether he hesitates or not.

Examiner Burchmore: Who issues the Bills of Lading on outbound shipments of Lumber?

Mr. Schuh: Our agent at Lynchville.

Examiner Burchmore: He also issues through way bills? Mr. Schuh: Yes sir way bills and through Bills of Lading.

Examiner Burchmore: Are not the rates from Lynchville to Interstate points the same as Iron Mountain rates from Roosevelt to Interstate destination?

Mr. Schuh: Yes sir.

Examiner Burchmore: What is your division on freight?

Mr. Schuh: Two cents.

Examiner Burchmore: Uniformly two cents?

Mr. Schuh: Uniformly two cents.

Examiner Burchmore: Are you aware that other carriers connecting with the St. Louis Iron Mountain and Southern Railway in many cases receive as high as four and five cents?

Mr. Schuh: I have heard so to-day and yesterday.
Examiner Burchmore: That is the first you knew of it?
Mr. Schuh: That is the first I knew of that.

3795 Examiner Burchmore: Is your division of two cents reasonable and satisfactory or excessive?

Mr. Schuh: It is not satisfactory, but I presume it has to be suffi-

Examiner Burchmore: You do not file any tariff with the commission yourself, do you?

Mr. Schuh: Yes sir.

Examiner Burchmore: Whar are those, local tariffs?

Mr. Schuh: Local and interstate tariffs, both.

Examiner Burchmore: You are a party also to the joint tariff published by the St. Louis Iron Mountain and Southern Railway Company?

Mr. Schuh: Yes, concurrent tariff.

Examiner Burchmore: This tariff may be referred to by the commission from its own files.

Mr. Schuh: Yes sir.

Examiner Burchmore: Are there any joint rates published on lumber as applying from points west of Lynchville?

Mr. Schuh: I think so, and also they are published-that is, I know it is on lumber. I am quite sure it is on lumber, and locally from points west of Lynchville on farm products? 3796

Examiner Burchmore: Well, are there milling in transit privileges in connection with these joint rates from Lynchville?

Mr. Schuh: That is my impression. Examiner Burchmore: This division accorded by the St. Louis Iron Mountain and Southern Railway is intended partly to pay for the movement of logs into the Mill?

Mr. Schuh: I don't know how they intend it: I would suppose so. Examiner Burchmore: On the face of the tariff, it purports to cover also log movements into the mill?

Mr. Schuh: That is my impression, yes sir.

Examiner Burchmore: This one cent that you collect from the railroad company for hauling logs into the mill, you do not credit that one cent against freight charges outbound?

Mr. Schuh: No sir.

Examiner Burchmore: It just stands?

Mr. Schuh: That is what I figure is a loss on the movement which

I am called upon individually to make.

3797 Examiner Burchmore: Well then, the lumber company actually pays the Lynchville rate to St. Louis for example on the lumber, plus one cent on the logs they have got in?

Mr. Schuh: I don't think I understand you.

Examiner Burchmore: Well, then, the lumber company actually pays the Lynchville rate to St. Louis for example on the lumber plus one cent on the logs they have got in?

Mr. Schuh: If I understand you correctly I think not. They

simply get the junction point rate.

Examiner Burchmore: They pay the Roosevelt rate to St. Louis which is eighteen cents?

Mr. Schuh: Yes sir.

Examiner Burchmore: But the shipment is actually billed as originating either at Lynchville or some point west of there? Mr. Schuh: Yes sir.

Examiner Burchmore: What points are there west of Lynchville? Mr. Schuh: Two stations, Crooks Spur and Maxwell.

3798 Examiner Burchmore: Does any of your lumber move out under billing reading Maxwell?

Mr. Schuh: I cannot remember that it does.

Examiner Burchmore: Does any move out reading as Crook's ail?

Mr. Schuh: I think not.

Examiner Burchmore: It is all billed Lynchville?

Mr. Schuh: Yes, for the reason I suppose that I have never been lyised different and our agent is there and the office is there, and or that reason, I suppose.

Examiner Burchmore: That is all right. I just wanted to ascerin the fact. You have regular forms of stationery and way bills

nd bills of lading, etc.?

Mr. Schuh: Yes sir.

Examiner Burchmore: You endeavor to comply with the State and Federal laws regulating Railroads?

Mr. Schuh: We try to and I believe we do.

Examiner Burchmore: Is your car equipped with a safety device? Mr. Schuh: No sir, it is not.

Examiner Burchmore: You know it ought to be?

799 Mr. Schuh: Well, I don't know. I know we move system cars entirely and they have their own equipment. We have ot got that on the log cars.

Examiner Burchmore: But your combination passenger and

reight car?

800

Mr. Schuh: It is not a passenger car.

Examiner Burchmore: Oh, that is not the road that has the comination?

Mr. Schuh: No.

Examiner Burchmore: I was thinking of some other road. Your ocomotive has air brakes?

Mr. Schuh: No.

Examiner Burchmore: Well, I recommend that you look up the

afety appliance law.

Mr. Schuh: We have the air brakes there and it originally had ir brakes, but I was there a week ago and the air-brakes broke and n order to get at them they took them off and I gave instructions to have it repaired and put it on.

Examiner Burchmore: But you did not want to stop the Railroad

while you were doing it?

Mr. Schuh: Certainly not.

Examiner Burchmore: Has the road paid any dividends?
Mr. Schuh: Positively not.

Examiner Burchmore: Is it making any money?

Mr. Schuh: Positively not.

Examiner Burchmore: Do you think it will make money? Mr. Schuh: Well, if business picks up it will; it should.

Examiner Burchmore: Well, would the cancellation of the divison accorded to that railroad seriously impair its prosperity?

Mr. Schuh: I think it would. It is operating now under a loss of about Fifteen Hundred Dollars a year. Of course, if we take off ts only revenue, which is that two cents division, it would naturally ose \$2,000,00 or \$3,000,00 more.

Examiner Burchmore: Are there any other saw mills on the line?

Mr. Schuh: No sir.

Examiner Burchmore: You spoke of one line that is now in course of construction. Where is that headed for?

Mr. Schuh: It is headed if we can last and hold out, to the county seat in the other parish.

Examiner Burchmore: What is the name of that county seat?

3801 Mr. Schuh: Floyd, in West Carroll Parish.

Examiner Burchmore: What is the distance from Floyd to Lynchville?

Mr. Schuh: About 20 miles-19 miles.

Examiner Burchmore: Is the town of Floyd offering any bonus

for the construction of that line to it?

Mr. Schuh: Yes, they have; the individuals composing the Police Jury—what we call in our country County Commissioners—have indirectly through our secretary there sent me word that they would be willing to help on the building of the road, and to vote either a one or two mill tax towards the road going there.

Examiner Burchmore: Now, in going west towards Floyd, what is the distance of the western limits of your timber holdings from

Lvnchville?

Mr. Schuh: From three to three and a half miles.

Examiner Burchmore: If this projected line then is extended three and a half miles west of Lynchville, the rest of the line will be beyond your timber holdings?

Mr. Schuh: Yes, we have no interest back there.

3802 Examiner Burchmore: What is the extent of your timber holdings within that three and a half miles on this projected line?

Mr. Schuh: We have three sections in there to clean up-about

ten or twelve million feet.

Examiner Burchmore: Did you give the distance between Lynchville and the Junction point of the St. Louis Iron Mountain and Southern Railway?

Mr. Schuh: Yes, as one and one-eighth mile.

Examiner Burchmore: Does this railroad perform all of the service on that main line between Lynchville and Junction point?

Mr. Schuh: Yes it does.

Examiner Burchmore: Has the St. Louis, Iron Mountain and Southern Railway an interchange track there at Lynchville?

Mr. Schuh: An interchange track?

Examiner Burchmore: Yes, a side track.

Mr. Schuh: Yes, it has a side track.

Examiner Burchmore: Does the St. Louis, Iron Mountain and Southern Railway train set the empty cars on this side track for delivery to the Roosevelt and Western?

3803 Mr. Schuh: We have a special spur connecting with the side track and it sets them directly on our spur—on our main line; it would be a spur of theirs, but they set them on our main line.

Examiner Burchmore: Then, do the engine and cars of the

Roosevelt and Western perform any service in carrying those empties to Lynchville?

Mr. Schuh: Every bit.

Examiner Burchmore: I think it was all brought out.

Mr. Coleman: And all service bringing them back?

Mr. Schuh: All service bringing them in and taking them out.
Mr. Coleman: Speaking of these agricultural products, what is the prospect of an increase in rice acreage along the Roosevelt and West-

ern if you know?

Mr. Schuh: Well, last year was the first year of the rice industry back there, and they put in about a thousand acres and the party that owned a big lot of land back there says that if we keep our spur in there for him he would put in another thousand this coming year.

Examiner Burchmore: How many cars of rice did you

3804 haul this last year?

Mr. Schuh: I think it was 22 cars we hauled for him—cars of rice.

Mr. Coleman: If that rice is not hauled over the Roosevelt and Western, how does it reach the markets?

Mr. Schuh: Well, he can only haul it, as he says, about two months in the year and then he has got to go 12 miles around.

Examiner Burchmore: This map will suffice for the commission's purposes.

Mr. Schuh: It is not drawn to scale, but I am not an engineer and

have no high priced people.

Examiner Burchmore: What proportion of the tonnage at the present time is supplied by your lumber company?

Mr. Schuh: Oh I should say the great majority of it; probably 95%.

Examiner Burchmore: Do you make annual reports to the commission?

Mr. Schuh: Only in part. When they called for their report last year, the fiscal year, you see, I was not operating yet although we were incorporated in May. Then I filed the publication with

the State commission and then got out my tariffs, but it was

in November before we operated under their tariff, and under the Commission's ruling; inasmuch as at that time we could only run or operate about five months, we did not have an annual statement to make but I am prepared to make them for this year from January 1st to date.

Examiner Burchmore: Have you filed the report that was due the first of November for the fiscal year ending June 1st, 1910—for the six months that you operated?

Mr. Schuh: No, I did not know they would accept it for six

months; I thought they wanted it for a whole year.

Examiner Burchmore: I understand. You are required to render

a report for a fraction of a year.

Mr. Schuh: If I remember correctly the Commission answered my letter and said "Very well; wait until you have the year's operation and then report."

Examiner Burchmore: That is sufficient.

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Mr. Schuh: If the commission orders me to do so, I will get up a

report.

3806 Examiner Burchmore: Will you then, in this case, either send in yourself, or have your counsel do so, a statement showing the total lumber tonnage of the road handled on behalf of the J. P. Schuh Lumber Company and the total traffic handled for other people during a given period?

Mr. Schuh: The tonnage for 1910?

Examiner Burchmore: Any given period that you can give it.

Mr. Schuh: Very well.

Examiner Burchmore: And the revenues as well as the tonnage?

Mr. Schuh: Do you want me to include-

Mr. Jeffrey: What was the first date you got your division? Mr. Schuh: I am not sure but 1 think the 27th of November.

Mr. Jeffrey: The 27th of November 1909?

Mr. Schuh: Yes sir.

Examiner Burchmore: The first payment of division?

Mr. Schuh: Yes. No, it must have been December. No, it went into effect the 27th of October and they settled the 27th of November for the four or five days in October and from that time on, monthly I get it right along.

Tioga and Southeastern Railroad Company.

(Appearances: Walter H. Saunders of St. Louis, Attorney for the Tioga and Southeastern Railroad Company.)

Mr. Saunders: In this case, we have filed no complaint and I would want to know what the record should show on that point.

Examiner Burchmore: It is my understanding that the commission regards it as unnecessary for a tap line road in these southwestern states to file any complaint or petition in these proceedings; my understanding being that all such companies have been made parties to this record, by order of the commission if they had not already been parties in some other form. My understanding is that no tap line is prejudiced by its failure or will be prejudiced by its failure to file a complaint or other pleadings. The issues have been raised on pleadings already filed and the mere appearance of a carrier here would cure any defect that there might be technically in that regard. I do not know that there are any such technical defects. Should it become necessary and be found necessary later on, or advisable for you to file a petition of any kind, I am under the impression that the Commission will entertain your application to file a petition of the particular application to file a period of the particular and the property will entertain your application to file a period of the particular and provided in the present that the particular application to file a period of the particular and provided in the provided

tition perhaps nunc pro tunc. At any rate I am sure will not be prejudiced by your failure to file a petition.

Mr. Saunders: That will be entirely satisfactory to us.

O. H. Cooper was called as a witness, and having been first duly sworn, testified as follows:

Direct examination:

Examiner Burchmore: You are the General Freight Agent of this Railroad?

Mr. Cooper: I am also Superintendent, in other words, I am the man on the ground.

Examiner Burchmore: You receive your salary from the Rail-

road Company? Mr. Cooper: Yes sir.

Examiner Burchmore: Do you receive any salary from the Lumber Company?

Mr. Cooper: Yes, partly from the Lee Lumber Company? Examiner Burchmore: Is your salary divided half and half? Mr. Cooper: Not quite. I receive more—the major portion—from

the lumber Company. Examiner Burchmore: Is your salary with the Railroad Company

in proportion to services rendered?

Mr. Cooper: Yes sir.

Examiner Burchmore: The Tioga and South Eastern Railroad Company I understand connects with the St. Louis, Iron Mountain and Southern Railway system at Tioga?

Mr. Cooper: Yes sir.

3810

Examiner Burchmore: With the Louisiana Railway and Navigation Company also, at Ems?

Mr. Cooper: Yes sir.

Examiner Burchmore: What is the character of the country through which it runs? It is a timver country along the Tioga and South Eastern Railroad?

Mr. Cooper: The Railroad has no timber for about fifteen miles,

except just a little that surrounds the mill at Tioga.

Examiner Burchmore: Are there any farmers on the line?

Mr. Cooper: Yes quite a number.

Examiner Burchmore: I am trying to find out on the map.

Mr. Cooper: It is only six miles from Jackson.

Examiner Burchmore: Then Ems is the terminus of the branch line of the Louisiana Railway and Navigation Company?

Mr. Cooper: Yes sir, we are figuring on building it to Jena in Catahoula Parish.

Examiner Burchmore: Do they stop when they reach your 3811 road?

Mr. Cooper: Yes sir.

Examiner Burchmore: Where is the saw mill of the Lee Lumber Company?

Mr. Cooper: Tioga.

Examiner Burchmore: How near is that to the track of the St. Louis, Iron Mountain and Southern Railway?

Mr. Cooper: Right at the track.

Examiner Burchmore: Now, the saw mill is located on the St.

Louis, Iron Mountain and Southern Railway, and the Tioga and Southeastern Railroad?

Mr. Cooper: The tracks go down there and join our tracks in front of the Planing Mill, which is situated near the station of the St. Louis, Iron Mountain and Southern Railroad at Tioga.

Examiner Burchmore: It is understood that you will file a map

of this road along the line of our request on other companies?

Mr. Cooper: Yes sir. How long will we have to file it?

Examiner Burchmore: About a fortnight or so.

Mr. Cooper: We want to show the complete holdings of 3812 everybody along the lines?

Examiner Burchmore: Are there any other saw mills along the line?

Mr. Cooper: Not at present.

Examiner Burchmore: Have there been in the past?

Mr. Cooper: There was at the time of the purchase. We purchased the railroad to the mill from another company in 1905, and there was at that time.

Examiner Burchmore: When was this railroad constructed, prior to 1905, it must have been about 10 or 11 miles at the time you made the purchase?

Mr. Lee: About ten miles of the old track when we bought it in

1905.

Examiner Burchmore: Shall I ask you about the financial end of it?

Mr. Cooper: I want to explain why I asked him? I am a stock-holder in this company, but until 1907, I was not.

Mr. Lee: He was not connected with it at all then.

Examiner Burchmore: Who are the present officers of this Railroad?

Mr. Cooper: S. R. Lee is the President—S. H. Fullerton, Vice-President, and J. A. O'Shea Secretary and Treasurer.

3813 Examiner Burchmore: Are these general officers also of the Lee Lumber Company?

Mr. Cooper: Identically the same, ves sir.

Examiner Burchmore: Who owns the Lee Lumber Company?

Mr. Cooper: It is a stock company.

Examiner Burchmore: Are the stockholders of these two companies substantially the same?

Mr. Cooper: Yes sir.

Examiner Burchmore: Do they hold their shares in proportion? Mr. Cooper: Yes sir.

Examiner Burchmore: When did the Lee Lumber Company begin lumbering operations in this region?

Mr. Cooper: When we purchased this plant it was already erected, and its railroad had ten or 11 miles in 1907, I think the latter part of April, I should say.

Examiner Burchmore: Then you purchased the railroad and saw mill, and some timber land properties, all as one going concern in 1905? Mr. Cooper: We incorporated the railroad as soon as we got hold of the property.

Examiner Burchmore: The Railroad was incorporated in

1905?

3814 Mr. Cooper: It was incorporated in May, 1905—on May 18, 1905.

Examiner Burchmore: What was the capital stock of the railroad Company?

Mr. Cooper: \$150,000.00.

Examiner Burchmore: How much of that stock was issued at the time of its incorporation?

Mr. Cooper: \$50,000.00.

Examiner Burchmore: How much of it has been issued since?

Mr. Cooper: No.

Examiner Burchmore: Was that \$50,000.00 issued for eash or in

exchange for the Railroad?

Mr. Cooper: In exchange for the railroad. It was issued as a sort of stock dividend to the stockholders of the lumber company, was it not?

Mr. Cooper: Yes sir.

Examiner Burchmore: Then, in a substantial sense, apart from the fact that they are distinct and separate corporations, the tap line and the lumber company are substantially one in interest?

Mr. Cooper: Yes sir.

Examiner Burchmore: When was the mill built at Tioga?

Mr. Cooper: The present mill was built in 1907.

3815 Examiner Burchmore: Well, was there a mill on the ground?

Mr. Cooper: There was a mill on the ground and it burned and the present one was built.

Examiner Burchmore: When was the old mill built?

Mr. Cooper: Before out time, I think about 1900, though—— Examiner Burchmore: Was there any other mill in this vicinity? Has there been any mill on this road?

Mr. Cooper: On this road, yes sir, at the time we made the pur-

chase, there were two mills,

Examiner Burchmore: You purchased both of these mills?

Mr. Cooper: No sir.

Examiner Burchmore: The mill you purchased then, was the one at Tioga?

Mr. Cooper: Yes sir, at Tioga.

Examiner Burchmore: Who owned it before you did?

Mr. Cooper: The Louis Werner Saw Mill Company Limited of St. Louis.

Examiner Burchmore: Was Mr. Fullerton interested in that corporation?

Mr. Cooper: Which?

Examiner Burchmore: The Louis Werner Saw Mill Company.

Mr. Cooper: No sir.

3816 Examiner Burchmore: Is the Louis Werner Saw Mill Company a going concern to-day? Mr. Cooper: Yes sir.

Examiner Burchmore: Where are its holdings to-day? Mr. Cooper: They have several of them, I don't know. Examiner Burchmore: Do they control any tap line?

Mr. Cooper: I think they do, I think the record in the other room shows that. Mr. S. R. Bures was on the stand yesterday for this Company, you were asking about.

Examiner Burchmore: The Louis Werner Saw Mill Company as I understand is interested in or controls the Craven, Magnolia and

Western Railroad?

Mr. Cooper: Yes. I know that from Mr. Burcs' testimon y yester-

day and from the advertisements.

Examiner Burchmore: Were the gentlemen who now control the Lee Lumber Company formerly interested in the Louis Werner Saw Mill Company?

Mr. Cooper: No sir.

Examiner Burchmore: What about these other small mills that used to be there?

Mr. Cooper: You will have to ask Mr. Lee. There were two of them. Mr. Lee will explain.

3817 Mr. Cooper: That was before I took charge in 1907.

Examiner Burchmore: What is the mileage of this Rail-

road?

Mr. Cooper: 15 miles of main line and three miles of switches including two "Y's" that we have. Besides that, we own still several miles of track, some of which is being used in logging operations in the woods.

Examiner Burchmore: These are private tram lines that connect

with your road?

Mr. Cooper: Yes, the Lee Lumber Company connection; they do not show on that map, nor on mine. They are movable tracks such as are used for logging.

Examiner Burchmore: What is the extent of these provate tracks?

Mr. Cooper: At present about five miles.

Examiner Burchmore: Has the Tioga and Southeastern Railroad any station building?

Mr. Cooper: A small station building at Tioga—just a small

freight building.

Examiner Burchmore: How many locomotives has it?

Mr. Cooper: Five.

Examiner Burchmore: You operate all these locomotives for your-self?

3818 Mr. Cooper: No, we operate one on the main line of service, and two I think are idle part of the time, a larger part of the time I should say—and the other two are rented to the Lee Lumber Company for operations of the spurs in the woods.

Examiner Burchmore: What is the basis of that rental?

Mr. Cooper: \$10.00 a day.

Examiner Burchmore: Does that \$10.00 a day include the pay of the crew?

Mr. Cooper: No.

Examiner Burchmore: Does that include fuel?

Mr. Cooper: No sir.

Examiner Burchmore: Just simply the locomotive?

Mr. Cooper: Yes sir.

Examiner Burchmore: Does that \$10.00 in your opinion yield a reasonable profit to the Railroad Company?

Mr. Cooper: Yes sir.

Examiner Burchmore: It takes care of the depreciation on the locomotive and also yields a reasonable profit?

Mr. Cooper: I think so.

Examiner Burchmore: Has the Railroad Company any bonds?

Mr. Cooper: None whatever.

3819 Examiner Burchmore: Any other indebtedness?

Mr. Cooper: No sir.

Examiner Burchmore: Its entire capitalization then is \$50,000.00 outstanding?

Mr. Cooper: Yes sir.

Examiner Burchmore: What cars has it? Mr. Cooper: Fifty two log cars, that is all.

Examiner Burchmore: Does it own these cars and that locomotive?

Mr. Cooper: Yes sir. All the Railroad property belongs to the Railroad.

Examiner Burchmore: It operates these cars?

Mr. Cooper: Yes sir.

Examiner Burchmore: It does not lease them to others?

Mr. Cooper: No sir, it does not lease them.

Examiner Burchmore: How many men are there engaged in track work on this railroad?

Mr. Cooper: They range from 12 to 15. Examiner Burchmore: How many gangs?

Mr. Cooper: Two gangs a part of the time, and part of the time only one.

Examiner Burchmore: Do these men put in any part of their time working on the private tram road of the Lee Lumber Company?

Mr. Cooper: No sir.

Examiner Burchmore: Their entire time is devoted to the Railroad track maintenance?

Mr. Cooper: Yes sir.

Examiner Burchmore: Have you any station employees?

Mr. Cooper: None except at Tioga where we have an agent who does the billing and such as that.

Examiner Burchmore: Does he devote his entire time to the Railroad service?

Mr. Cooper: No sir.

Examiner Burchmore: He works also for the Lee Lumber Company?

Mr. Cooper: Yes sir.

Examiner Burchmore: What is his salary from the Railroad

Company?

Mr. Cooper: Three quarters of his salary, or do you want to know exactly the amount? \$75.00 per month, three quarters of his salary is that amount.

Examiner Burchmore: How many crews are there in the railroad

service?

3821 Mr. Cooper: One train crew.

Examiner Burchmore: For Six Locomotives? Mr. Cooper: Well, wait-you mean on the whole?

Examiner Burchmore: No I mean in the railroad service? Mr. Cooper: There are only five locomotives. Did I say six?

Examiner Burchmore: Perhaps not.

Mr. Cooper: I think I only said five. Five is all we have. Examiner Burchmore: The men who operate the locomotives in the service of the private tram road are not carried on the Railroad Company pay roll?

Mr. Cooper: Not at all, no sir.

Examiner Burchmore: How many employees are there in the general offices of the Railroad Company who devote their entire time and receive their whole compensation from the Railroad Company?

Mr. Cooper: None.

Examiner Burchmore: The general office work of the Railroad Company then, is done by the employees of the Lumber Company? Mr. Cooper: No, the work is done by this man I refer to:

3822 he does the general office work for the railroad Company in connection.

Examiner Burchmore: He is the entire clerical force?

Mr. Cooper: Yes. sir.

Examiner Burchmore: Are the trains run on regular schedule? Mr. Cooper: No schedule. We make two round trips a day, one in the morning and one in the afternoon.

Examiner Burchmore: Do they carry passengers?

Mr. Cooper: No, sir.

Examiner Burchmore: Freight service purely?

Mr. Cooper: Purely freight service.

Examiner Burchmore: They do not carry mail or express?

Mr. Cooper: No. sir.

Examiner Burchmore: What is the total freight tonnage of the road in amount?

Mr. Cooper: You just want it for the fiscal year ending the year 1910?

Examiner Burchmore: Yes.

Mr. Cooper: The total for the fiscal year ending 1910 on lumber, logs and staves was 44,358 tons; less than car load lots, 464 3823 tons.

Examiner Burchmore: Was there any forest product

handled for the Lee Lumber Company?

Mr Cooper: No, sir, except in the case of five cars of staves which were handled for outside parties.

Examiner Burchmore: Were those staves made from timber cut on the Lee Lumber Company land?

Mr. Cooper: No sir.

Examiner Burchmore: That was timber in which the Lee Lumber Company—

Mr. Cooper: Had no interest.

Examiner Burhemore: Never had any interest?

Mr. Cooper: No sir, we never had any interest. It was farmers timber who lived in that neighborhood.

Examiner Burchmore: What class of timber does the Lee Lumber Company cut? Yellow Pine?

Mr. Cooper: Yes sir.

Examiner Burchmore: Do they sell that lumber?

Mr. Cooper: Yes sir.

Examiner Burchmore: I mean do they sell it wholesale or retail?

Mr. Cooper: We sell all of our stuff thru wholesalers.

3824 Examiner Burchmore: You have sales agents?

Mr. Cooper: No sir, nothing except from the office. It is sold by letter wholesale unless someone calls there and buys it.

Examiner Burchmore: Was the lumber manufactured at this mill or on the old mill formerly sold by the Colonial Lumber Company?

Mr. Cooper: No sir.

Examiner Burchmore: Did you ever hear of the Colonial Railway system?

Mr. Cooper: Never did, no sir.

Examiner Burchmore: Until this hearing?

Mr. Cooper: No sir. I must admit that it is a new one to me. Examiner Burchmore: This railroad was not a part of your system?

Mr. Cooper: No sir, not by any fault of ours, not up to date.

Examiner Burchmore: Mr. Lee, did you ever hear of that system? Mr. Lee: Never until I heard it spoken of yesterday and today.

I have heard of the Colonial Lumber Company but never 3825 heard of any system.

Mr. Cooper: I will further state that there has been no

lumber sold to these people since I took charge.

Mr. Lee: The Tioga and Southeastern Railroad Company has no connection in any way, shape or form with the Colonial system or Lumber Company in any way. They own no stock with us and we own no stock with them.

Mr. Cooper: I think that is a case where somebody borrowed our

tracers.

Examiner Burchmore: Has the Lee Lumber Company any direct or indirect relations to any other lumber company?

Mr. Cooper: No sir.

Mr. Lee: For your information, I have a little stock in some lumber company but the Lee Lumber Company has nothing to do with it.

Examiner Burchmore: Your holdings are minority holdings?

Mr. Lee: Yes, very much so.

Examiner Burchmore: I assume from your statement that almost

the entire tonnage of the road is supplied by the Lee Lumber Company?

Mr. Cooper: From one half to one percent perhaps by out-

3826 side parties.

Examiner Burchmore: Have you published any regular local rates applying over your road?

Mr. Cooper: Yes, we have them on file with the Interstate Com-

merce Commission. I have a copy here.

Examiner Burchmore: You are parties to the joint rates published by the St. Louis Iron Mountain and Southern Railway?

Mr. Cooper: Yes sir.

Examiner Burchmore: And the Louisiana Railway and Navigation Company?

Mr. Cooper: Yes.

Wxaminer Burchmore: What proportion of your tonnage moves outbound over the St. Louis Iron Mountain and Southern Railroad and what proportion over the Louisiana Railway and Navigation Company?

Mr. Gooper: I could not say exactly on that, but I would say approximately 90% over the St. Louis Iron Mountain and Southern and 10% over the Louisiana Railway and Navigation Company.

Examiner Burchmore: When did the St. Louis Iron 3827 Mountain and Southern Railway connect with your road?

Mr. Cooper: They have been connected there something like three years, have they not Mr. Lee?

Mr. Lee: Three years approximately.

Mr. Cooper: Three years approximately; I am not sure.

Examiner Burchmore: Did they build up there for the especial

purpose of making connection with your road?

Mr. Cooper: Not especially. They have a track from there going in the direction of Jena. They stopped construction because of the so-called panic of 1907, suppose that had something to do with it.

Examiner Burchmore: Are there milling in transit privileges in

effect on your road?

Mr. Cooper: Yes, with the St. Louis Iron Mountain and Southern

Railroad.

Examiner Burchmore: Does the St. Louis Iron Mountain and Southern Railroad give you the benefit of the same rate in cents per hundred pounds as the joint rate from points of origin along your line, as applies from grouped stations on its own line?

Mr. Cooper: Yes sir.

Examiner Burchmore: What divisions do you receive out

3828 of these rates?

Mr. Cooper: You want the St. Louis Iron Mountain and Southern first?

Examiner Burchmore: Yes, the St. Louis Iron Mountain and

Southern first.

Mr. Cooper: We get four cents from Little Rock to Memphis, Cairo, Thebes, Washington Missouri, and east—no, west to Washington Missouri, I should have said, west of Washington Missouri, we get five cents.

Examiner Burchmore: Is there any track on which you receive no division at all?

Mr. Cooper: Where do you mean?

Examiner Burchmore: Over the St. Louis Iron Mountain and Southern Railway?

Mr. Cooper: Yes, some local points on which we receive no di-

vision whatever.

Examiner Burchmore: Do you have any earnings at all on which traffic?

Mr. Cooper: The Railroad Company?

Examiner Burchmore: Yes.

Mr. Cooper: The switching ves sir.

Examiner Burchmore: A switching charge of some sort?

3829 Mr. Cooper: I don't quite understand that question.

Examiner Burchmore: When you receive no division, you mean that there is no joint rate?

Mr. Cooper: No joint rate?

Examiner Burchmore: That the division obtains only on shipments to Arkansas—and to points in Arkansas and Louisiana?

Mr. Cooper: Yes sir.

Examiner Burchmore: In a general way?

Mr. Cooper: Yes sir.

Examiner Burchmore: Has there been any material increase in your divisions in recent years?

Mr. Cooper: Yes, I could not state the exact time now from

memory.

Examiner Burchmore: About three years?

Mr. Cooper: Since then, about the time we connected with the Louisiana Railway and Navigation Company, that is, the date they published a tariff including this was on March 10, 1910 I think.

Examiner Burchmore: Was that increase in division a direct or indirect result of the new connection with the Louisiana Railway

and Navigation Company?

3830 Mr. Cooper: In connection with the published rate, I think so.

Examiner Burchmore: In other words, a little competition there was the life of trade?

Mr. Cooper: Yes sir.

Examiner Burchmore: Did the first overtures with respect to increasing the division come to you from the St. Louis Iron Mountain and Southern Railroad Company or from you to the St. Louis Iron Mountain and Southern Railroad Company?

Mr. Cooper: Mr. Lee can tell you that. I don't know.

'Mr. Lee: I will explain that. The increase in our division took effect I think about a year ago, and we have been operating and sending tonnage over the Louisiana Railway and Navigation Company long before the increase in our division took place between the St. Louis Iron Mountain and Southern Railroad Company and the Tioga and Southeastern Railroad Company?

Examiner Burchmore: But that had been a matter of negotia-

tion?

Mr. Lee: No I negotiated it. I negotiated it myself and asked for an increase in the division and told them we were not making enough money.

3831 Examiner Burchmore: Did you use the argument that

you had another connection available?

Mr. Lee: I told them we could get other connections if we wanted to, the Chicago Rock Island and Pacific lines are near our railroad, and several others, and we could make a number of shipping points if we wanted to.

Examiner Burchmore: Do vou contemplate an estension over to

the Rock Island business?

Mr. Lee: No sir, never had any such proposition at all.

Examiner Burchmore: Has there been any material change in your methods and practices in taking the transportation or with respect to the manner of billing or with respect to the rates and divisions since December 1909?

Mr. Cooper: 1909?

Examiner Burchmore: Yes, in last year?

Mr. Cooper: I don't understand that question.

Examiner Burchmore: The point is this. An examination of the affairs of your road was made by the commission about a year agoby its accounting department. Are the conditions that exist today and the method and practices substantially the same as those then in effect?

Mr. Cooper: Yes sir.

3832 Examiner Burchmore: So that a report rendered then say in a general way, describes the situation?

Mr. Cooper: Yes sir, in a general way.

Examiner Burchmore: Now you receive a division running from four to five cents per hundred pounds from the St. Louis Iron Mountain and Southern Railway? Do you receive the same proposition or basis of division from the Louisiana Railway and Navigation Company?

Mr. Cooper: No sir. Not quite.

Examiner Burchmore: Well, substantially the same?

Mr. Cooper: Yes sir. Substantially the same except that they deliver into the territory of the Missouri Kansas and Texas Railroad, which the St. Louis Iron Mountain and Southern does not.

Examiner Burchmore: Are those division sheets in possession of

the commission.

Mr. Cooper: I don't know whether they are or not. I assume that they are, and if not, we will make one.

Examiner Burchmore: If not, a request will be made upon you for one of them.

Mr. Cooper: Yes sir.

Examiner Burchmore: Has your company a supply of Bills of lading, way bills, printed with its name on them?

Mr. Cooper: Yes sir.

Examiner Burchmore: And other forms necessary for the conduct of a railroad business?

Mr. Cooper: Yes sir.

Examiner Burchmore: Do you comply with the state and Federal laws regarding the safety appliances and accidents and rates, etc.?

Mr. Cooper: Yes sir.

Examiner Burchmore: That is your effort?

Mr. Cooper: Yes sir.

Examiner Burchmore: You keep your system of accounts in accordance with the requirements of the Interstate Commerce Commission?

Mr. Cooper: Yes sir.

Examiner Burchmore: Do you charge depreciation on equipment?

Mr. Cooper: Yes sir.

Examiner Burchmore: At what rate?

Mr. Cooper: Well I would have to refer to the books. I do not keep the books, you understand, but I could get you that later on.

Examiner Burchmore: What is the valuation of this road 3834 and its equipment?

Mr. Cooper: For the fiscal year ending June 30, 1910, it was \$134,987.62.

Examiner Burchmore:: Your total capital is \$50,000.00?

Mr. Cooper: Yes sir.

Examiner Burchmore: Well, how was the rest of this road financed?

Mr. Cooper: By the saving of what we made, that is, the earnings of the railroad Company.

Examiner Burchmore: It never has paid any dividend?

Mr. Cooper: No sir.

Examiner Burchmore: You have used your net earnings and surplus to improving and extending the road?

Mr. Cooper: Yes sir. Except what we have on hand at present. Examiner Burchmore: What is your present surplus on hand? Mr. Cooper: Now on hand \$20,000.00, between \$19,000.00 and \$20,000.00.

Examiner Burchmore: On a capitalization of \$50,000.00?

Mr. Cooper: Yes sir.

3835

Examiner Burchmore: Have any dividends been authorized?

Mr. Cooper: No sir.

Examiner Burchmore: Have you planned any extension of the road to take up this surplus?

Mr. Cooper: Yes sir.

Examiner Burchmore: Through what territory?

Mr. Cooper: In a southeasterly direction, about ten miles.

Examiner Burchmore: Extending your line out from the end? Mr. Cooper: Yes sir.

Examiner Burchmore: Towards the Mississippi river?

Mr. Cooper: Yes sir, towards the Mississippi river and Marksville, a point on the Texas and Pacific Railroad Company as our prospective destination on the Red River.

Examiner Burchmore: You receive a division of from four to

five cents from the St. Louis Iron Mountain and Southern system? What service do you render for this division?

Mr. Cooper: We haul the logs from Violet, to Tioga, where they

are milled in transit.

Examiner Burchmore: Are there any Bills of Lading issued on

these inbound movements of logs?

Mr. Cooper: No sir. Only in this way, that the man in charge of the train brings a list of these logs—car loads logs—to this agent each night.

Examiner Burchmore: Does the conductor of the train re-

port? Mr. Cooper: Yes sir.

Examiner Burchmore: Will you furnish the commission with a copy of that form?

Mr. Cooper: It is not a report. He writes on a list how many car

loads of logs handled to-day.

Examiner Burchmore: Is that not a printed report blank?

Mr. Cooper: No sir. A slip of paper.

Examiner Burchmore: Are these slips filed away?

Mr. Cooper: Yes sir.

Examiner Burchmore: What payment is made by the lumber company to the Railroad company for any inbound movement of logs?

Mr. Cooper: Nothing except the division we receive from the

Railroad.

Examiner Burchmore: Don't you pay \$4.50 per car load on

these in-bound logs?

Mr. Cooper: No sir. Well, let me make that plain to you. We pay \$5.00 per car on inbound logs on which we do not receive any division of the through rate.

3837 Examiner Burchmore: \$5.00 per car?

Mr. Cooper: Yes, the Lee Lumber Company pays— Examiner Burchmore: You formerly paid \$4.00 per car?

Mr. Cooper: I don't think so. We figured on a basis of four cars. I think there is a mistake there. We figured on four cars to the car load of lumber, and they pay \$5.00 per car, which would makeit \$20.00 on the carload of lumber. On that, we do not receive a division.

Examiner Burchmore: On lumber on which you receive a division, your division amounts in round number to \$24.00 per car.

Mr. Cooper: Somewhere—does it amount to that?

Examiner Burchmore: 60,000 pounds.

Mr. Cooper: They don't average that, Mr. Examiner—they average—they don't average more than—

Examiner Burchmore: Well, \$20.00 then? Mr. Cooper: \$20.00 is somewhere nearer to it.

Examiner Burchmore: Just on the basis of your figuring on the logs?

Mr. Cooper: Yes sir.

Examiner Burchmore: Your earnings should be about \$20.00 per car?

3838 Mr. Cooper: Yes sir.

Examiner Burchmore: Now the Lee Lumber Company operates its leased engines over the private tram road?

Mr. Cooper: Yes sir. They go out and in. They lease the

engines.

Examiner Burchmore: Where does this company receive cars loaded with logs?

Mr. Cooper: At the "Y." At Tioga.

Examiner Burchmore: At the "Y" at Tioga? Mr. Cooper: That is the terminus of this line.

• Examiner Burchmore: It hauls the car load of logs to the mill?

Mr. Cooper: Yes sir.

Examiner Burchmore: Who unloads them?

Mr. Cooper: The train crew of the Lee Lumber Company and the train crew assists in unloading.

Examiner Burchmore: Is the train crew bound to do that?

Mr. Cooper: There is no question about it.

Examiner Burchmore: They would probably be discharged if they refused?

Mr. Cooper: We never have told them that.

Examiner Burchmore: They do that as a matter of course?

Mr. Cooper: Yes they have to make two trips a day, and it is natural they want to get back and make the second trip as early as possible.

Examiner Burchmore: Do they step out and unload the second

time?

Mr. Cooper: Yes sir.

Examiner Burchmore: I should think they would be in a hurry to get back to dinner?

Mr. Cooper: Yes sir.

Examiner Burchmore: Well does the Lumber Company pay the railroad company for the time that its employees devote to the unloading of logs?

Mr. Cooper: No sir.

Examiner Burchmore: Then it is just a gratuitous service?

Mr. Cooper: How is that?

Examiner Burchmore: It is just a gratuitous service?

Mr. Cooper: Yes sir.

Examiner Burchmore: Now the mill at Tioga is located directly on the track of the St. Louis Iron Mountain and Southern Railroad?

Mr. Cooper: Well practically. The North "Y" which 3840 extends up from the Tioga and Southeastern Railroad and connects with the St. Louis Iron Mountain and Southern Railroad track, where they pick up the loads, is owned by the Tioga and Southeastern Railroad Company up to a point in front of the Planing Mill of the Lee Lumber Company?

Examiner Burchmore: Who furnishes the cars—the empty cars for outbound movements of lumber? The St. Louis Iron Mountain

and Southern Railway? Mr. Cooper: Yes sir. Examiner Burchmore: I suppose those empty cars at the mill-

who places those empty cars at the mill for loading?

Mr. Cooper: The St. Louis Iron Mountain and Southern Railroad Company shoves them in there up to our platform; that is, as far as the rails go.

Examiner Burchmore: And the engine of the Tioga and South-

eastern Railroad Company does not touch that empty car? Mr. Cooper: Not unless it is necessary to make a switch.

Examiner Burchmore: Well, that is unusual?

Mr. Cooper: It is unusual—the switching is unusual for 3841 the reason that they have the platform extending nearly one half mile long—from the saw mill and Planing Mill, making quite a long platform to load on.

Examiner Burchmore: The mill employees load that car with

lumber?

Mr. Cooper: Yes sir.

Examiner Burchmore: Then how does that car load of lumber go on the St. Louis Iron Mountain and Southern rail? Does the St. Louis Iron Mountain and Southern Railroad move ft?

Mr. Cooper: Yes sir.

Examiner Burchmore: Then the lumber practically is not handled by the Tioga and Southeastern in case of shipment moving out over the St. Louis Iron Mountain and Southern Railroad?

Mr. Cooper: What is that?

Examiner Burchmore: Then the lumber practically is not handled by the Tioga and Southeastern in case of shipment moving out over the St. Louis Iron Mountain and Southern Railroad?

Mr. Cooper: No sir.

Examiner Burchmore: I suppose that this division of three 3842 or four cents—that is, three or four cents out of the joint rates carries any of the cost of transporting the logs into the mill?

Mr. Cooper: Yes sir.

Examiner Burchmore: Now in case of the 10% traffic that moves out over the Louisiana Railway and Navigation Company, that is not true?

Mr. Cooper: No sir.

Examiner Burchmore: But the divisions they receive are the same?

Mr. Cooper: Yes sir.

Examiner Burchmore: Practically?

Mr. Cooper: Practically.

Examiner Burchmore: Who issues the Bill of Lading on outbound shipments of finished lumber?

Mr. Cooper: Our agent.

Examiner Burchmore: What point is shown as the point of origin on this Bill of Lading?

Mr. Cooper: Violet.

Examiner Burchmore: But the lumber is not loaded out of Violet?

Mr. Cooper: No it is not loaded there, this is to cover the shipment of the log.

3843 Examiner Burchmore: Is there a way bill issued on that movement? a through bill issued on the movement of the lumber?

Mr. Cooper: Yes sir.

Examiner Burchmore: Then the through way bill is also marked Violet?

Mr. Cooper: Yes sir.

Examiner Burchmore: The same as the Bill of Lading?

Mr. Cooper: Yes sir.

Examiner Burchmore: Does your way bill or bill of lading or both of them indicate on the face that the lumber has been milled in transit?

Mr. Cooper: No sir it does not.

Examiner Burchmore: It simply reads Violet or whatever point it may be?

Mr. Cooper: The tariff though referres—the fact that the lum-

ber could be milled in transit.

Examiner Burchmore: I understand it is covered by the tariff: I am simply trying to establish the fact?

Mr. Cooper: It is, yes sir.

Examiner Burchmore: We can read the tariff, but cannot 3844 tell from the tariff what the practice is. Of course, there is no extensive milling in transit of the logs coming in?

Mr. Cooper: No sir.

Examiner Burchmore: No lumber manufactured from logs that have not come in from the Railroad?

Mr. Cooper: No sir.

Examiner Burchmore: There is no river near the mill?

Mr. Cooper: No sir.

Examiner Burchmore: You cannot float logs down to the mill? Mr. Cooper: No sir, we do not buy any put in the pond there.

Examiner Burchmore: This other way bill which is issued by your agent shows the Tioga and Southeastern Railway as the initial carrier and shows that Tioga is the Junction point, I assume?

Mr. Cooper: Yes sir.

Examiner Burchmore: Are not the division rates shown on the face of the way bill?

Mr. Cooper: No sir.

Examiner Burchmore: This is covered by inter-line settle-3845 ments?

Mr. Cooper: Yes sir.

Examiner Burchmore: Rendered monthly?

Mr. Cooper: Yes sir.

Examiner Burchmore: Do the officers of your company receive any free interstate transportation?

Mr. Cooper: Yes sir.

Examiner Burchmore: What officers receive annual passes?

Mr. Cooper: Mr. Lee, Mr. O'Shea and myself,

Examiner Burchmore: Are those passes actually used?

Mr. Cooper: Yes sir, sometimes.

Examiner Burchmore: Well, do the recipients of those passes ever pay fare over the railroad for which the passes read?

Mr. Cooper: No sir.

Mr. Jeffery: Over the Iron Mountain?

Mr. Cooper: Yes sir. We receive transportation over the Louisiana Railway and Navigation Company, the St. Louis Iron 3846 Mountain and Southern and the Louisiana and Arkansas.

Examiner Burchmore: That is the whole extent of your

free transportation?

Mr. Cooper: Yes sir.

Examiner Burchmore: I think that is all. Have you any spur track agreement with the St. Louis Iron Mountain and Southern Railway?

Mr. Cooper: We bought this plant and they tried to get an agreement but we would not go into any because the connections were

already made.

Examiner Burchmore: The track was all paid for as far as you know?

Mr. Cooper: Yes sir.

Examiner Burchmore: As a matter of fact there is a private side track connecting your mill trackage with the St. Louis Iron Mountain and Southern?

Mr. Cooper: Yes sir.

Mr. Saunders: Mr. Cooper, you said the company was chartered. Do you know whether or not this is a certified copy of the charter I have here.

Mr. Cooper: That was furnished to us.

Examiner Burchmore: Will you state the facts of it being

3847 incorporated without offering it in evidence?

Mr. Cooper: The Tioga and Southeastern Railroad Company was incorporated under the laws of the State of Louisiana on Juny 7, 1905 as appears by the certificate of the Secretary of State of Louisiana.

Examiner Burchmore: It was incorporated as a common carrier

railroad?

Mr. Saunders: Yes sir.

Examiner Burchmore: It describes the route over which the line was to be constructed?

Mr. Cooper: I am looking for it.

Examiner Burchmore: Your statement, I presume, will be sufficient. The record would show that you tendered and we accepted the fact.

Mr. Saunders: This charter was recorded both at the recorder's office at Alexandria and with the Secretary of State's office at Baton Rouge? Now, Mr. Burchmore, you ask if any extension was contemplated. Did you ask that?

Examiner Burchmore: I asked that question.

Mr. Saunders: In what direction do you contemplate this seconstruction?

Mr. Cooper: A southeasterly direction.

Mr. Saunders: And for what purpose?

Mr. Cooper: For the purpose of supplying the territory with railroad facilities.

Mr. Saunders: What demand is there in that direction for railroad facilities?

Mr. Cooper: It is quite a big farming district and besides there are heavy holdings of timber in there.

Mr. Saunders: Well, belonging to whom?

Mr. Cooper: Not belonging to us; some that does belong to the Lee Lumber Company.

Examiner Burchmore: Other timber which could be acquired? Mr. Cooper: It is the class of timber that we would not acquire; it is hardwood mostly there.

Cross-examination ·

Mr. Saunders: Now, state whether or not any large body of hardwood timber has been sold in that territory within the past few months to a stave company?

Mr. Cooper: Yes the Lee Lumber Company sold to the 3849 Alexandria Stave Company the Oak timber on their land. Mr. Saunders: What transportation facilities will the Stave

Company have?

3850

Mr. Cooper: Over the Tioga and Southeastern Railway only; the only way they have to get it out of there.

Mr. Saunders: Do you know where the Alexandria Stave Com-

pany proposes to locate its mill?

Mr. Cooper: On the line of the Tioga and Southeastern Railway at or near Violet. Violet is merely the headquarters of the logging; that is the main camp of the Lee Lumber Company.

Mr. Saunders: Now, you spoke of farmers along the track of the Tioga and Southeastern Railway. State whether or not there

has been any colonization scheme put in operation recently.

Mr. Cooper: Yes, the firm of Cook and Alexander, of Alexandria, La., a real estate firm have purchased from the Lee Lumber Company some 16,000 acres. In addition to this they have something like 5,000 acres along the line of the Tioga and Southeastern Railway Company between Violet and Tioga and they have mapped off towns with a view of colonizing.

50 Mr. Saunders: Do you know whether that scheme is now being actively pushed or not?
Mr. Cooper: Yes, Mr. Alexander was in Chicago last week—I think about 10 days ago-and had just returned from there, where he has arranged for colonizing all these lands.

Mr. Saunders: What is the distance from Violet to Tioga?

Mr. Cooper: Fifteen miles.

Mr. Saunders: Now the timber which is now being cut by the Lee Lumber Company, I understand, is centered at Violet?

Mr. Cooper: Yes sir.

Mr. Saunders: And all those logs were hauled not less than 15 miles?

Mr. Cooper: Yes sir.

Mr. Saunders: Is all the timber cut out between Violet and Tioga?
Mr. Cooper: Practically all of it. There is a little around the
mill not being cut—a couple of sections, I would say, of cut over
timber around the mill. Outside of that, the land is all cut

over.

3851 Mr. Saunders: Do you propose to build to Marksville?
Mr. Cooper: That is our intention.

Mr. Saunders: And there you will connect with what road?

Mr. Cooper: The Texas and Pacific Railway.

Mr. Saunders: At what distance will that be from Violet?

Mr. Cooper: From Violet?

Mr. Saunders: Yes.

Mr. Cooper: At a distance of about 25 to 30 miles.

Mr. Saunders: Now, in earning the division which is accorded you by the Louisiana Railway and Navigation Company, you haul the finished product from the Mill at Tioga back to Ems which is a distance of what?

Mr. Cooper: Nine miles.

Mr. Saunders: Does the Louisiana Railway and Navigation Company assist you in hauling the finished product from the Mill to Ems?

Mr. Cooper: No sir.

Mr. Saunders: And your compensation for that service is the division accorded you?

Mr. Cooper: Yes sir. There is one question you did not ask

me.

The Tioga and Southeastern own the right of way of the Tioga and Southeastern Railroad.

Mr. Saunders: Was that right of way deeded to them? Mr. Cooper: Yes, it is on record in Rapides Parish.

Mr. Saunders: It has fee simple title to it?

Mr. Cooper: Yes sir.

Mr. Saunders: In regard to the rail, what weight of rail has it?

Mr. Cooper: Thirty-five pounds.

Mr. Saunders: What is the condition of that road today?

Mr. Cooper: You mean-

Mr. Saunders: As to physical condition?

Mr. Cooper: It is surfaced up—we have no ballast. Mr. Saunders: Well can you haul trains over it?

Mr. Cooper: Yes, it is in good condition; the trackage in good condition.

Examiner Burchmore: I do not know that the legal classification of a railroad depends on the state of its road bed or its rail?

Mr. Jeffrey: You say that 10% of your tonnage comes over the Louisiana Railway and Navigation Company, and 90% over the

St. Louis Iron Mountain and Southern Railway?

3853 Mr. Cooper: Yes sir, approximately.

Mr. Jeffrey: Is it not a fact that most of your business is north and east of the Mississippi?—is it not a fact that the principal lumber tonnage over the Tioga and Southeastern moves into the north and the east and points on the Great Lakes around Chicago? I think you get better service by the St. Louis Iron Mountain and Southern to these points than via the Louisiana Railway and Navi gation Company?

Mr. Cooper: Yes, but I don't know that the greater part of it

goes to that territory.

Mr. Jeffrey: I will ask your traffic man.

Mr. Cooper: I am the traffic man but I don't think it.

Mr. Lee: I will answer that question. The only reason why the majority of the lumber goes over the St. Louis Iron Mountain and Southern Railway track, and not over the Louisiana Railway and Navigation Company's track, is it is sold to St. Louis Iron Mountain and Southern Railway points, you understand, and such stuff

only moves over the Louisiana Railway and Navigation Company as is sold at points where we have divisions with the

Louisiana Railway and Navigation Company.

Examiner Burchmore: You ship as far as possible over the St. Louis Iron Mountain and Southern?

Mr. Cooper: Yes sir.

Examiner Burchmore: And you ship over the Louisiana Railway and Navigation Company only when necessary to reach its territory?

Mr. Cooper: That is the idea.

3855 S. R. Lee was called as a witness and having been previously sworn (Mr. Lee and Mr. Cooper were sworn by the examiner at the same time and before Mr. Cooper gave his testimony) testified as follows:

Direct examination:

Examiner Burchmore: You say there was a saw mill formerly on the line that is not -here now.

Mr. Lee: Yes, sir, two of them.

Examiner Burchmore: Tell me about those saw mills?

Mr. Lee: I will tell you that all this existed in 1905. It is shown that we incorporated there then. We found the railroad there—a private institution you understand—and also the mill and we incorporated the railroad under the laws of the state as a common carrier and also incorporated the mill plant. There were two small mills located on this little line we bought. The Tioga and Southeastern was the name when we bought it. They had a contract with the Louis Werner Saw Mill Company to handle their sawed timber from their little mill located on this railroad, the Tioga and Southeastern, to the junction of the St. Louis Iron Mountain and Southern at

Tioga. When we incorporated this road—and our tariff— 3856 joint tariffs—were filed with the other rates we continued to

haul the lumber for these two mills. Under a contract with the Louis Werner Saw Mill Company, we made them a flat rate and they enjoyed the same tariff and the same rates that the mill of the Lee Lumber Company enjoyed, that originated at the junction at Tioga with the St. Louis, Iron Mountain and Southern. In other words, a flat rate.

Examiner Burchmore: How did they come to close up?

Mr. Lee: They cut out their holdings-cut out their timber hold-

ings—exhausted their timber holdings.

Examiner Burchmore: And were unable to acquire other timber? Mr. Lee: There was none for them to acquire. One of them operated about 2 years and we bought the institution and cut out all the timber they had and there was no more there for them to buy. The old saw mill plant or sites are there yet on the prop-

Examiner Burchmore: I don't think I will ask any other ques

tions.

Cross-examination:

Mr. Saunders: Mr. Lee, will you describe the traffic cou-3857 ditions at present and the transportation on that road?

Mr. Lee: The track conditions?
Mr. Saunders: The traffic.

Mr. Lee: The prospect of traffic conditions on our road for an extension is very good, outside of tonnage that may be purchased by the interests of the Lee Lumber Company.

Mr. Saunders: State why.

Mr. Lee: Well for the reason that the Alexandria Cooperage Company located at Alexandria operates several mills all over the south, and hire him, Blow and Company, of Louisville—that is only a branch concern of their general business-it has bought a large tract of oak timber.

Mr. Saunders: Where?

Mr. Lee: Situated near our line and our proposed line, you understand.

Mr. Saunders: Yes.

Mr. Lee: And is developing that territory, we will develop the tonnage they produce there by manufacturing this oak timber into They are stave people and they have arranged to build a mill there on our line and they came to me before they bought this

property and asked me if we contemplated developing that country and if I thought there would be a permanent road there and they could do business there, and I told them yes.

Mr. Saunders: What tonnage will they have?

Mr. Lee: Well, I don't know just what their present holdings will produce, but several thousands of cars, and the prospect isthe probability is-that they will buy a great deal more lumber because it is available in that section of the country that we propose to go through.

Mr. Saunders: Is this a farming country?

Mr. Lee: Sir?

Mr. Saunders: Is this a farming country?

Mr. Lee: Well, in a way it is. It has been largely a timber country of course but there are some farms being operated now on the lands that the timber has been removed from.

Mr. Saunders: Do you know anything about this colonization

scheme which Mr. Cooper testified about?

Mr. Lee: I do.

Mr. Saunders: State briefly what the facts are?

Mr. Lee: Well, those real estate agents referred to by Mr. Cooper bought 16,000 acres of land that our road, The Tioga and 3859 Southeastern Railroad Company, runs right through, and Mr. Alexander, a member of that firm, attended a land congress in Chicago and spent ten days there and there arranged to colonize that country and has sold some of it with a view of settling up the territory as the timbers are cut off from it.

Mr. Saunders: How long a cut has the Lee Lumber Company

had?

Mr. Lee: I would judge from 7 to 10 years.

Mr. Lee: How many million feet?
Mr. Lee: How many million feet?

Mr. Saunders: Yes.

Mr. Lee: I suppose about two hundred and fifty million feet approximately in that period. That is a mere guess. It is the raw product in the woods and there is no way of definitely measuring it.

Mr. Saunders: You stated that the road had been incorporated as a common carrier under the laws of the State of Louisiana. State whether or not it is taxed under the laws of this state?

Mr. Lee: It is not.

Mr. Saunders: Why not?

3860 Mr. Lee: For the reason that there is a law in the State of Louisiana exempting new railroad projects from taxation.

Mr. Saunders: You mean the constitutional provision of 1898?

Mr. Lee: Yes, sir.

Mr. Saunders: Providing that roads constructed within 10 years should be exempted from taxation?

Mr. Lee: Yes, sir.

Mr. Saunders: And this road was constructed within that time? Mr. Lee: Yes, sir, and we enjoy that exemption from taxation.

Mr. Saunders: You are subject to the jurisdiction of the commission—the state railroad commission of Louisiana?

Mr. Lee: Yes, sir, absolutely.

Mr. Saunders: They exercise jurisdiction over you?

Mr. Lee: Yes, sir; I will state in that connection that the railroad appraisers or assessors assessed our railroad on one occasion and we took it up with the state authorities—with the attorney general—and he advised the commissioners that we were a railroad and were protected from taxation under the constitutional act

3861 of 1898.

Mr. Saunders: At the time this small mill or the cut of these small mills was hauled, you handled it with that difference that they handled it over their spur lines to the Tioga and Southeastern from their mill?

Mr. Lee: Yes, sir.

Mr. Saunders: Did you take up those spurs?

Mr. Lee: Yes, sir.

Mr. Saunders: Did you obtain permission from anybody to do that?

Mr. Lee: Obtained permission from the Railroad Commission of

Louisiana showing that there was nothing to be performed there and they allowed us to remove the spur track.

Mr. Saunders: Have either you or your company any interest

direct or indirect in the Alexandria Cooperage Co.?

Mr. Lee: None at all.

Mr. Saunders: Any interest, direct or indirect, in this colonization scheme?

Mr. Lee: Not a dollar.

Mr. Saunders: The Lee Lumber Company sold the land? 3862

Mr. Lee: We sold the property.

Mr. Saunders: That was the extent of your interest?

Mr. Lee: Yes, sir. Of course, we are interested in having the property built up in the country.

Mr. Jeffrey: When were your divisions increased with the St.

Louis, Iron Mountain and Southern Railway?

Mr. Lee: Why were they?

Mr. Saunders: What were they increased from?

Mr. Lee: I think they were increased about a half cent per hundred pounds approximately to some points. I don't recall that quite to memory but I think the figures are about a half cent.

Mr. Saunders: What was the gist of the negotiations?

Mr. Lee: Well, I took the matter up with Mr. Jackson, the Vice-President and Head of the Traffic Department, at St Louis-went to St. Louis to see him-and I told him that with the tonnage originating on our road, that I thought we ought to get a larger division of it; that we originated the freight on our line and I did not think we were getting enough division out of the tonnage on our line. It was not because we had connected with the Louisiana Rail-

way and Navigation Company that I asked for an increase 3863 The Louisiana and Arkansas runs within one in divisions. hundred vards of our railroad, and the Chicago, Rock Island

and Pacific cuts across their line within one hundred yards of our railroad, and for a long time-

Examiner Burchmore: Within one hundred vards?

Mr. Lee: Yes, sir.

Examiner Burchmore: Well, does not the proximity of the Chi cago, Rock Island and Pacific and your actual connection with the Louisiana Railway and Navigation Company constitute quite a powerful argument when discussing it with the St. Louis, Iron Mountain and Southern?

Mr. Lee: I should think so.

Examiner Burchmore: I should think so. Mr. Jeffrey: Even though a silent one.

Examiner Burchmore: It would hardly need to be set out. Mr. Lee: It goes without saving that competition is the life of

trade. Mr. Jeffrey: Did you ever have any negotiation with the Chicago, Rock Island and Pacific? Did they ever want you to con-

nect up there? Mr. Lee: No, sir, never have had any negotiations. 3864 have had negotiations with the Louisiana and Arkansas, and they have surveyed a connection with the Tioga and Southeastern and have sent a civil engineer down there but it has never been put into effect.

Examiner Burchmore: Have you any contract with any railroad?

Mr. Lee: No, sir, none whatever with anybody. We have no contract to deliver any certain amount of tonnage to any railroad

or anybody else.

Mr. Saunders: I see the charter provides that you should build a road beginning at or near the town of Tioga on the St. Louis, Iron Mountain and Southern Railway line and thence in a general southeasterly direction, through the parishes of Rapides and Avoyelles, and through the parishes southeast thereof, with such branch lines and connections, upon such course and routes as may be selected and deemed advisable by the Board of Directors of said company?

Mr. Lee: Yes, sir.

Examiner Burchmore: Have you heard the request made to-day for maps?

Mr. Saunders: No, sir, I was not present but we will take

pleasure-

2865 Examiner Burchmore: Furnish a map of your road drawn to scale—a blue print or pen and ink sketch—showing the line of road and the forests and the connecting roads and connecting tram lines and all your geography.

Mr. Lee: Yes, sir, we will and we will be able to show the holdings of the Lee Lumber Company in that vicinity and the holdings of other parties that the Lee Lumber Company has no interest

in.

Examiner Burchmore: That may properly be included but you may put anything in the map you want if you will put that much. Draw it to a scale and don't make it too large.

Mr. Lee: We want to show the possibilities of the railroad, aside from the Lee Lumber Company who own a very small per cent of

the lands in the territory we are developing.

Examiner Burchmore: One other request. Will you furnish a statement of your tonnage for the fiscal year ending June 30, 1910 showing the total logs or log tonnage, stated separately, annually handled for the account of the Lee Lumber Company,—the total amount of their traffic handled for the Lee Lumber Company

3866 or for stores or companies in which it is interested and then show separately the traffic handled for the general public.

Mr. Lee: We will be very glad to do so.

Examiner Burchmore: That latter figure may be divided by commodities, or not; also show how much of your tonnage and which class of it went to the St. Louis Iron Mountain and Southern?

Mr. Lee: That is of record and we will be very glad to do so.

Examiner Burchmore: Kindly show the figures in tons and in dollars and cents?

Mr. Saunders: That will show inbound and outbound?

Examiner Burchmore: Yes.

Mr. Lee: We have no disposition except to show you facts in the case, and anything you want we will give it to you.

Mr. Jeffrey: Your geographical situation is that you connect with the St. Louis Iron Mountain and Southern, and are within ten miles of the Louisiana and Arkansas and of the Chicago Rock Islland and Pacific?

Mr. Lee: Yes sir.

Examiner Burchmore: Are there any rivers between these 3867 lines?

Mr. Lee: No sir.

Examiner Burchmore: No mountains? Mr. Lee: No mountains and no rivers. Mr. Jeffrey: Except the Iron Mountain.

Mr. Lee: I want to make an explanation that we are under no obligations to no railroads, the Iron Mountain or anybody else.

S. R. LEE, recalled, testified as follows:

Mr. Saunders: Mr. Lee, in regard to the Tioga and Southeastern Railroad Company about which you have testified this afternoon, state whether or not it holds itself out to the general public as a common carrier?

Mr. Lee: It does.

Mr. Saunders: State whether or not it takes all business tendered it.

Mr. Lee: It does.

Mr. Saunders: State whether or not under its charter it is now required to operate a passenger traffic.

Mr. Lee: I don't think the charter requires it.

3868 Mr. Saunders: Will you operate a passenger traffic when conditions require it.

Mr. Lee: Absolutely. We stand ready to do it whenever conditions require it. I don't think it is stipulated.

Victoria, Fisher and Western Railroad Company, 3869

(Appearances: J. D. Riddell, Esq. Attorney for the V. & F. & W. Railroad Co.)

W. W. WARREN, was called as a witness and having been first duly sworn, testified as follows:

Direct examination:

Examiner Burchmore: Mr. Warren, state your office with the Victoria Fisher and Western Railroad Company, and your office if any with the Lumber Company?

Mr. Warren: General Manager.

Examiner Burchmore: Of both companies?

Mr. Warren: Yes sir:

Examiner Burchmore: Do you receive salaries from both companies?

Mr. Warren: The Railroad Company pays the lumber company

\$1,000.00 per year which is supposed to be for a part of my salary

and a part of the office clerks.

Examiner Burchmore: That \$1,000.00 a year pays for your services and the services rendered by these clerks of the lumber company, who perform the entire general office work of the Railroad Company?

Mr. Warren: Yes it is supposed to be.

Examiner Burchmore: Are there any other officers of the railroad company who receive salaries or compensations from 3870 the railroad company?

Mr. Warren: No sir.

Examiner Burchmore: Does the Traffic Manager receive any compensation from the lumber company?

Mr. Warren: From the lumber company?

Examiner Burchmore: Yes. Mr. Warren: I think not:

Examiner Burchmore: There are other salaried officers however.
of the railroad company?

Mr. Warren: None whatever other than what I have said. This

\$1,000.00 a year is supposed to cover all.

Examiner Burchmore: Is \$1,000.00 a year the total salaries of the officers and clerks of the railroad?

Mr. Warren: That is, at the general office at Fisher.

Examiner Burchmore: Then there are other general officers of the railroad located elsewhere who receive salaries from the Railroad?

Mr. Warren: Not as officers. The Traffic manager—I would not call him a general officer.

Examiner Burchmore: He is also connected with the other lumber companies?

Mr. Warren: Yes sir.

3871 Examiner Burchmore: I have been referring to the lumber company. I mean by that the Louisiana Long Leaf Lumber Company which I understands, controls this railroad through ownership or mutual ownership of the capital stock.

Mr. Warren: The stock of the two companies are held by the

same stockholders in the same relative proportion.

Examiner Burchmore: This Railroad connects with the Texas and Pacific Railway at Victoria, La., and with the Kansas City Southern at Fisher Louisiana?

Mr. Warren: Yes sir.

Examiner Burchmore: Its outside mileage is what?

Mr. Warren: Thirty-one miles main line and twenty-five miles used in sidings and logging spurs.

Examiner Burchmore: That track is all standard gauge?

Mr. Warren: Yes sir.

Examiner Burchmore: What is the weight of the rail? Mr. Warren: From forty to sixty pounds; mostly forty. Examiner Burchmore: It has how many locomotives?

Mr. Warren: Five.

Examiner Burchmore: How many freight cars?

Mr. Warren: Just a minute. There are three box cars, one flat car and one hundred and five log cars and four caboose cars.

Examiner Burchmore: How long has it owned all this equip-

ment?

Mr. Warren: Since its incorporation and purchase from the Lumber Company some eight years ago, and—well some of it has been acquired since then.

Examiner Burchmore: Are all those locomotives and cars operated by the lumber company, or are some of them leased or loaned

to the Lumber Company?

Mr. Warren: The Railroad Company operates all of that property—owns all of that property.

Examiner Burchmore: Operates all of what property?

Mr. Warren: Operates all of the property.

Examiner Burchmore: None of these locomotives are operated by the Lumber Company?

Mr. Warren: No sir.

Examiner Burchmore: Are there any private tram roads connected with this road?

Mr. Warren: No sir.

Examiner Burchmore: No privately owned logging spurs?

Mr. Warren: No sir.

3873 Examiner Burchmore: Where is Fisher, Louisiana relative to some well known city?

Mr. Warren: About 80 miles south of Shreveport. Examiner Burchmore: In the Long Leaf belt?

Mr. Warren: It is about where one quits and the other begins; it is mixed.

Examiner Burchmore: When was this railroad constructed?

Mr. Warren: Part of this railroad was commenced probably 25
years ago from Victoria Southwest and under a charter, as I understand it, taken out by the Robeline and Sabine Pass Railway.

Examiner Burchmore: Tha- was a connection carrier railroad?

Mr. Warren: I don't know anything about how they conducted their affairs but in the year 1900, the Louisiana Long Leaf Lumber Company purchased that piece of road and continued it on to Fisher.

Examiner Burchmore: A distance of 25 miles? Mr. Warren: A total distance of about 25 miles.

Examiner Burchmore: How much was this additional construction?

3874 Mr. Warren: About eight or nine miles. Then in 1902 the railroad property was all acquired by the Victoria and Fisher Railroad Company.

Examiner Burchmore: It was incorporated at that time?

Mr. Warren: In November I think 1902. Part of the line was commenced westerly from Fisher in 1900. I think.

Examiner Burchmore: How many mills has the Louisiana Long Leaf Lumber Company, where are they located and how are they designated? Mr. Warren: There is one pine mill at Victoria, a pine mill at Fisher and a hardwood mill at Fisher.

Examiner Burchmore: What is the distance from Victoria

mill to the junction with the Texas and Pacific Railway?

Mr. Warren: From the saw mill? Examiner Burchmore: At Victoria.

Mr. Warren: There is only one mill, at Victoria.

Mr. Riddell: Most of the lumber is loaded at the Pla-ingg Mill.

Examiner Burchmore: Then, from the Planing Mill?

Mr. Warren: In one direction it is about, I suppose, one hundred yards, but in the direction that the lumber moves, it is probably a quarter of a mile.

3875 Examiner Burchmore: Will you file later with the com-

mission a map of the character heretofore described?

Mr. Warren: Yes sir.

Mr. Riddell: You want that to cover the eitire line?

Examiner Burchmore: Yes sir.

Mr. Warren: Yes sir. You don't want it made by an engineer;

you want it approximately correct?

Examiner Burchmore: I want it drawn to scale and such a map us I might draw if I started to do it myself. It does not need to be on an engineer's form, a blue print or a pen and ink sketch, in order that they may get the information from it correctly, and drawn to scale. Make it of reasonable size. What is the distance from the respective mills at Fisher to the Junction with the Kansas City Southern Railway at Fisher?

Mr. Warren: From the saw mill on past the Planing Mill to the Kansas City Southern Railway transfer, is very nearly a mile. The Saw Mill and the Planing Mill are something like 1000 feet apart.

Examiner Burchmore: Both of the two mills at Fisher

3876 are hardwood mills?

Mr. Warren: No, that is a pine mill. The Hardwood mill—the saw mill—is probably half or three quarters of a mile distant and the Planing Mill is about a mile.

Examiner Burchmore: These are all the mills that the Company

owns?

Mr. Warren: Yes sir.

Examiner Burchmore: And none of these mills are located directly on the rails or directly adjacent to the right of way of the Texas and Pacific Railway or Kansas City Southern?

Mr. Warren: No sir, they are all on the tracks of the Victoria

Fisher and Western Railroad.

Examiner Burchmore: When were these mills built and open?

Mr. Warren: As I said, the Victoria property was acquired by purchase. There has been a mill there for over 25 years.

Examiner Burchmore: Take that mill. That mill was built—your understanding is that the mill was opened about the time this

railroad was first built?

Mr. Warren: The Texas and Pacific?

3877 Examiner Burchmore: No the Victoria Fisher and Western Railroad.

Mr. Warren: My understanding then, is that originally they built a small mill there and probably logged that by team and then that mill burned and they started out with a narrow gauge railroad, after building the present mill, and just what was done, I don't know, only from appearances.

Examiner Burchmore: It appears that originally this railroad, as it originally stood, was largely a logging proposition in connection

with one of those mills, in the beginning.

Mr. Warren: I presume so.

Examiner Burchmore: However far it may have gone away from that since?

Mr. Warren: Yes sir.

Examiner Burchmore: Does this railroad have any trackage rights from either of the two railroads above mentioned?

Mr. Warren: No sir.

Examiner Burchmore: Its engines do not go off its own line?

3878 Mr. Warren: No sir.

Examiner Burchmore: What station buildings have you?

Mr. Warren: None.

Examiner Burchmore: You use the Texas and Pacific or Kansas City Southern depot at the point of connection?

Mr. Warren: No, sir.

Examiner Burchmore: Have you any team tracks for the receipt and delivery of car load freight other than those at these mills?

Mr. Warren: Well there are team tracks at the mills and sidings along the main line.

Examiner Burchmore: These sidings are passing sidings and stumpage sidings?

Mr. Warren: Some are only blind sidings with only one end.

Examiner Burchmore: Are the cars and locomotives equipped with sefety devices?

Mr. Warren: So far as required. My understanding is that with the skeleton type of logging cars, they are not required to be so equipped.

Examiner Burchmore: How many section gangs are there?
Mr. Warren: Five.

Examiner Burchmore: They devote—do these men work also part of the time for the lumber Company?

Mr. Warren: No sir. On special occasions they might be-

Examiner Burchmore: Independently hired?

Mr. Warren: Yes, they are independently hired?

Examiner Burchmore: How many train crews have you?

Mr. Warren: Four.

3879

Examiner Burchmore: I believe you said your locomotive performed no service off your own rails?

Mr. Warren: I did.

Examiner Burchmore: Do you have any passenger trains or passenger train service?

Mr. Warren: We are not incorporated as a passenger line.

Examiner Burchmore: You carry only freight? .

Mr. Warren: Yes sir.

Examiner Burchmore: Do your freight trains run on regular schedule?

Mr. Warren: Yes, sir, only as necessary.

Examiner Burchmore: How many freight trains do you

3880 run a day?

Mr. Warren: From Fisher there are two train crews that make three to four three trips daily and from Victoria there is one The service between Fisher and Victoria that makes two trips daily. is taken care of just as required.

Examiner Burchmore: Have you the figures with respect to the

total freight tonnage of your road and how that is divided?

Mr. Warren: I think so.

Examiner Burchmore: Give those figures in your own way. You could examine him briefly regarding the tonnage figures, Mr. Riddell.

Mr. Riddell: I believe you have figures showing the total forest products handled for the Louisiana Long Leaf Lumber Company?

Mr. Warren: Yes sir.

Examiner Burchmore: Will you state what it is?

Mr. Warren: The total tonnage of forest products furnished by the Louisiana Long Leaf Company was 315,496 tons.

Examiner Burchmore: And the revenue? Mr. Warren: The revenue \$116,373.90.

3881 Examiner Burchmore: And what was the tonnage of other freight handled for the Louisiana Long Leaf Company?

Mr. Warren: 245 tons.

Examiner Burchmore: And the revenue?

Mr. Warren: \$1.972.96.

Examiner Burchmore: How many tons of forest products did you handle for people other than the Louisiana Long Leaf Lumber Company?

Mr. Warren: 920 tons; revenue \$890.49. Examiner Burchmore: And other freight?

Mr. Warren: 15 tons.

Examiner Burchmore: How much revenue?

Mr. Warren: \$44.87.

Examiner Burchmore: As I get the figures, practically 90% of your traffic on a tonnage basis is handled for the Louisiana Long Leaf Lumber Company?

Mr. Warren: I guess so.

Examiner Burchmore: On a revenue basis, what would be the percentage-about the same?

Mr. Warren: Yes or a little more.

Examiner Burchmore: A little more which way?

Mr. Warren: For the controlling interest. 3882

Examiner Burchmore: You participate in joint rates with the Texas and Pacific Railway and the Kansas City Southern Railroads? I refer to joint rates on lumber to interstate destination?

Mr. Warren: We do.

Examiner Burchmore: Are those rates the same in general from both connecting roads?

Mr. Warren: I think generally so. There are exceptions though Examiner Burchmore: For example, I suppose the local territory-each company reserves that to itself?

Mr. Warren: There is some difference in Texas—quite a little bit.
Examiner Burchmore: You receive divisions out of those joint rates—are those divisions on the same basis from the two connecting lines?

Mr. Warren: Yes sir.

Examiner Burchmore: What are those joint rates? What is their basis? That is to say, are the rates from all of your mills to interstate destination the same as the rates from grouped stations in that vicinity on the Texas and Pacific Railway and Kansas City

3883 Southern?

Mr. Warren: They are generally so. There are no other rates from stations on our line to Sante Fe points and probably other lines, but there are rates from Junction Point.

Examiner Burchmore: But where there are joint rates from points

on your line they are the same as junction points.

Mr. Warren: Yes, with the same exception of Texas. There is an arbitrary of one and a quarter cents.

Examiner Burchmore: Are those rates on a milling in transit

basis?

Mr. Warren: Yes sir.

Examiner Burchmore: Then they cover the movement of the logs

into the mill and the subsequent movement of lumber out?

Mr. Warren: They cover the movement of the log from the junction of the spur track with our main line up to the junction with the trunk line.

Examiner Burchmore: I thought you said there were no spur

tracks.

Mr. Warren: I must have misunderstood you. You said 3884 team tracks.

Examiner Burchmore: I asked if there were any private tram roads?

Mr. Warren: Not private, they belong to the railroad Company.

Examiner Burchmore: The rates do not cover transportation from them?

Mr. Warren: No sir.

Examiner Burchmore: What do you charge?

Mr. Warren: \$1.50 per thousand feet.

Examiner Burchmore: For moving ever this branch line?

Mr. Warren: Yes sir.

Examiner Burchmore: The explanation is that the joint rates do not apply off the main line?

Mr. Warren: Off the main line points only.

Examiner Burchmore: All your stations are on the main line?

Mr. Warren: Yes sir.

Examiner Burchmore: Do you have any joint rates with those other lines on class freight?

Mr. Warren: Yes sir.

3885 Examiner Burchmore: Well, are those rates limited in extent or to all parts of the country—in all directions?

Mr. Warren: Limited.

Examiner Burchmore: What are your divisions out of those joint rates?

Mr. Warren: On classes and commodities?

Examiner Burchmore: Yes.

Mr. Warren: On freight moving from the Atlantic Seaport territory or New Orleans over the Texas and Pacific our division is thirty per cent.

Examiner Burchmore: Thirty per cent of the New Orleans rate?

Mr. Warren: Yes, of the New Orleans rate.

Examiner Burchmore: Have you any other rate?

Mr. Warren: I think there is a rate on oil from Port Arthur, Texas, to Victoria or Fisher—the same division.

Examiner Burchmore: You burn oil in your locomotives?

Mr. Warren: No sir.

Examiner Burchmore: Do you have any joint rate on the coal you use in your locomotive?

Mr. Warren: We do not use any?

3886 Examiner Burchmore: Wood burning locomotives?

Mr. Warren: Wood burning.

Examiner Burchmore: That is you use the waste from your saw mill operations?

Mr. Warren: Part of it. The railroad buys it from the saw mill. Examiner Burchmore: Now what divisions do you receive on lumber?

Mr. Warren: From three fourths of one cent to four cents.

Examiner Burchmore: Those divisions are in a general way uniform for both carriers?

Mr. Warren: They vary.

Examiner Burchmore: They vary with the territory, or does it make any difference to your railroad company whether the lumber moves out over the Texas and Pacific Railway or the Kansas City Southern Railroad?

Mr. Warren: It makes a difference in a good many cases, as I un-

derstand it.

Examiner Burchmore: Which road is more liberal or allows a larger division, or is it sometimes one way and sometimes the other?

3887 Mr. Warren: That is pretty hard to answer Mr. Examiner. Examiner Burchmore: Well, tell me what you can about

Mr. Warren: We receive the highest division from the Kansas City Southern Railroad.

Examiner Burchmore: On their traffic to Kansas City?

Mr. Warren: Local traffic.

Examiner Burchmore: That is at six cents division?

Mr. Warren: I did not say six cents, I said four cents as a maximum.

Examiner Burchmore: Now you receive a division of four cents on this lumber traffic supplied by the Louisiana Long Leaf Lumber Company. What service do you render for which you are paid four cents?

Mr. Warren: The milling in transit service and placing and switching of empty and loaded cars, weighing of loads and delivery

Examiner Burchmore: You handle the logs to the mill and the lumber out?

Mr. Warren: Yes sir.

Examiner Burchmore: Is there any billing covering an inbound movement of logs, other than on conductor's reports such as have been mentioned here this evening?

Mr. Warren: We have a conductor's report on a special form

showing the lade of each car,

Examiner Burchmore: And that is the only billing that accompanies the car in?

Mr. Warren: That is all.

Examiner Burchmore: Have you got a copy of that form which you can file with the commission?

Mr. Warren: I can file one.

Examiner Burchmore: You might send one in. Now, when the lumber has been manufactured, it is loaded into empty cars that I assuje, are supplied by the Texas and Pacific Railway or the Kansas City Southern as the case may be? They furnish the equipment?

Mr. Warren: Yes sir.

Examiner Burchmore: Who sets the cars at the mill?

Mr. Warren: We do.

Examiner Burchmore: The Railroad company? Mr. Warren: The Victoria Fisher and Western.

Examiner Burchmore: They are then loaded by the mill employees, switched by the Victoria Fisher and Western or moved by the Victoria Fisher and Western over to the trunk line?

Mr. Warren: They are.

Examiner Burchmore: What billing is the lumber handled on?

Mr. Warren: Bill of Lading.

Examiner Burchmore: Who issues that Bill of Lading?

Mr. Warren: It is taken out in the case of shipments moving from Victoria,-it is taken out on the Victoria Fisher and Western Bill of Lading, and, if delivered to the Kansas City Southern, it

is taken out on Kansas City Southern Bill of Lading.

Examiner Burchmore: Now, Victoria is a junction with the Texas and Pacific. Now, as the Victoria Mill, I understand the Victoria Fisher and Western railroad agent issues the bill of lading covering the lumber, and that bill of lading is dated Victoria, or dated along the line somewhere?

Mr. Warren: Along the line.

Examiner Burchmore: At the point of origin?

Mr. Warren: Supposed to be.

Examiner Burchmore: As a matter of fact it makes no difference because the receipts are the same.

Mr. Warren: Yes sir, and we use one point for conveni-

ence.

Examiner Burchmore: The agent also issues a way bill which corresponds to the bill of lading?

Mr. Warren: No sir, we do not issue any way bills.

Examiner Burchmore: Just simply switch the car over to the Texas and Pacific Railway?

Mr. Warren: Yes sir.

Examiner Burchmore: How does the Texas and Pacific know where the car is going?

Mr. Warren: The Bill of Lading is delivered to their agent.
Examiner Burchmore: Whoever executes the Bill of Lading?
Mr. Warren: No, the bill of lading is executed by the Victoria
Fisher and Western; in some cases the shipments are turned over on
transfer bills with advanced charges.

Examiner Burchmore: On a transfer bill?

Mr. Warren: That is a kind of a bill a belt road issues in big cities. I have had no experience in big cities.

3891 Examiner Burchmore: I think the commission know what that means. Now take the case of lumber originating at Fisher and moving on the Kansas City Southern—manufactured at Fisher. The Kansas City Southern executes the bill of lading?

Mr. Warren: Yes sir.

Mr. Warren: Yes sir.

Examiner Burchmore: And shows the point of origin as as

Mr. Warren: Cane.

Fisher?

Examiner Burchmore: Where is Cane?

Mr. Warren: That is the name of the line west.

Examiner Burchmore: That is the junction with the Kansas

City Southern railroad?

Mr. Warren: No that is the junction with logging spurs with the main line of the Victoria Fisher and Western Railroad. Runs six miles west of Fisher.

Examiner Burchmore: Crosses the Kansas City Southern?

Mr. Warren: Yes sir.

Examiner Burchmore: He shows the point of origin as Cane. That is not on his line?

Mr. Warren: Our line.

Examiner Burchmore: The Kansas City Southern—you said the Kansas City Southern executes the Bill of lading?

Mr. Warren: The Louisiana Long Leaf Lumber Company write their bill of lading and show this point of origin and deliver that shipment to the Kansas City Southern and deliver the Bill of Lading to the Kansas City Southern.

Examiner Burchmore: You are familiar with the Bill of Lading?

Mr. Warren: Yes sir.

Examiner Burchmore: You know what it looks like?

Mr. Warren: Yes sir.

Examiner Burchmore: Don't you know that a bill of lading reads

something in this wise or to this effect: Received by the Kansas City Southern Railroad Company, from so and so, consignor, at a certain point? That is the way it starts out? It is a receipt for property? and then it continues, That is it agreed that it shall be transported to some destination. How can it acknowledge receipt of lumber at Cane when it is on its line?

Mr. Warren: I may be a little mixed.

Mr. Riddell: Is it not a fact that the Kansas City Southern says that the property was received at Fisher, but originated at 3893 Cane?

Mr. Warren: Yes sir, that is the idea.

Examiner Burchmore: This Bill of Lading is dated at Fisher?

Mr. Warren: Yes sir.

Examiner Burchmore: As a matter of fact, have the logs come from Cane in every case?

Mr. Warren: Yes, because Cane is the junction of all the logging

spurs west of Fisher.

Examiner Burchmore: The Fisher mill manufactures lumber exclusively from logs coming in from the west?

Mr. Warren: As a general thing. Once in a while they come from

the east.

Examiner Burchmore: Does any lumber move from the Fisher mill over your main line and out over the Texas and Pacific?

Mr. Warren: Yes sir.

Examiner Burchmore: Any great volume of lumber?

Mr. Warren: At times quite a great deal.

Examiner Burchmore: Does any move in an opposite direction from the Victoria mill over the Kansas City Southern?

3894 Mr. Warren: Not so much, some.

Examiner Burchmore: You don't wish to make that statement any more definite?

Mr. Warren: I think not.

Examiner Burchmore: You get the same five cents division for lumber moving over the entire line?

Mr. Warren: We don't get five cents?

Examiner Burchmore: Well, four or three cents?

Mr. Warren: We get the same division on lumber shipped from the mill by the opposite junction as if it was shipped out as the junction nearest the mill.

Mr. Riddell: In other words, you don't get additional compensa-

tion for the increased service?

Mr. Warren: No.

Examiner Burchmore: You get the same division no matter what service you perform?

Mr. Warren: Yes sir.

Examiner Burchmore: Do you file a tariff of your own issuance with the Interstate Commerce Commission?

Mr. Warren: Yes sir.

Examiner Burchmore: You are also a party to the joint 3895 tariff.

Mr. Warren: Yes sir.

Examiner Burchmore: It would be unnecessary to explain these tariffs; file them in these proceedings and they will be ref-rred to by the Commission. The Victoria Fishe- and Wester- Railroad Company has forms of bills of lading and way bills represented?

Mr. Warren: Yes sir.

Examiner Burchmore: It complies with the state and federal statutes regulating common carrier?

Mr. Warren: Endeavors to do so.

Examiner Burehmore: Do you keep your accounts in accordance with the system prescribed by the Interstate Commerce Commission?

Mr. Warren: Yes sir.

Examiner Burchmore: Do you post at your station—you have no station—do you—where do you post your tariff for the information of the public?

Mr. Warren: They are at our office. They are not posted, how-

ever.

Examiner Burchmore: Well, did anybody ever come and ask to see this tariff?

3896 Mr. Warren: Any shippers? Examiner Burchmore: Yes.

Mr. Warren: Possibly so: I don't recall any instance now.

Examiner Burchmore: Have you stated the value of this road with its equipment, or without its equipment?

Examiner Burchmore: What is that valuation?

Mr. Warren: The motive power, \$27,378.96, and the rolling stock \$53,799.54.

Examiner Burchmore: And the road itself?

Mr. Warren: \$258,851.98.

Examiner Burchmore: What is the total capitalization of the road?

Mr. Warren: \$300,000.00.

Examiner Burchmore: That is the capital stock?

Mr. Warren: Capital stock?

Examiner Burchmore: Is that actually issued?

Mr. Warren: Yes sir.

Examiner Burchmore: Actually paid for?

Mr. Warren: It represents a dividend on the capital stock of the Long Leaf Lumber Company paid to its stockholders.

Examiner Burchmore: Has this railroad company ever paid any dividend, and if so, what is the extent of this dividend?

Mr. Warren: No sir.

Examiner Burchmore: Has it accumulated a surplus?

Mr. Warren: I think so, if I can find it.

Examiner Burchmore: Well, that surplus is shown in your annual report, but I would like this record to show in some general way its extent and whether it is a book-keeping surplus or an actual surplus?

Mr. Warren: It represents an actual surplus and is re-invested. Examiner Burchmore: Surplus that has been invested in better-

ments and additions?

Mr. Warren: Yes sir; on June 30, 1910, it appears to have been \$13,509.17.

Examiner Burchmore: How long had it taken to accumulate

that surplus?

Mr. Warren: We were incorporated in 1902.

Examiner Burchmore: What is the extent of the betterments and additions that have been paid for out of the net operating revenues of this railroad Company since its incorporation?

Mr. Warren: The purchase of additional equipment and improvements on the roadway and widening of cuts and some grades and ballasting with some rocks and with sand. It is an ordinary dirt road though.

Examiner Burchmore: What does it all amount to in dollars-

\$50,000,00?

Mr. Warren: I would not like to venture a guess; I hardly know.

Examiner Burchmore: Haven't you any impression about it? This road makes \$10,000.00 a year, does it not?

Mr. Warren: This road makes \$10,000.00 a year, sometime; I

think it did better than that last year.

Examiner Burchmore: I think so too, but I made it moderate at \$10,000,00. What was the net operating revenue last year?

Mr. Warren: I know we have to pay an income tax. The net earnings were \$66,374.79, but fro- that is to be deducted \$47,655.88, which represents the abandoned spur tracks and depreciation on rolling stock and other property. I believe we are required to

carry an accrued depreciation account and get permission of the commission before we can charge any of that into income account, so that the actual net income was about

\$16,000.00 or \$17,000.00.

Examiner Burchmore: The next year it will be very much larger than that because you won't have all this depreciation—what else did you call it?

Mr. Warren: Abandoned spurs?

Examiner Burchmore: Abandonment of property account.

Mr. Warren: I believe we will. That goes on always.

Examiner Burchmore: Do those abandoned spurs all belong to the lumber company—don't they?

Mr. Warren: Yes sir .

Examiner Burchmore: What timber holdings has this Louisiana Leaf Lumber Company in the territory served by the Fisher and Western Railroad? By timber holdings, I don't mean ownership of land in fee, but I mean such ownership, plus stumpage rights?

Mr. Warren: There is about 95,000 acres uncut.

Examiner Burchmore: How much cut?

Mr. Warren: 75, or 80,000.

Examiner Burchmore: How much land do other people own around there? Any?

3900 Mr. Warren: Not a great deal no. There are other lumber companies that own timber that adjoins us on either

side and in the m-ddle, but not that would be served by our railroad, or that could be served by our railroad.

Examiner Burchmore: Are there any towns on the line?

Mr. Warren: No sir.

Examiner Burchmore: Has the Lumber Company any commissaries on the line?

Mr. Warren: At Victoria and Fisher.

Examiner Burchmore: Their supplies move over the line don't they?

Mr. Warren: Some.

Examiner Burchmore: What passes do the officers of this company hold from other railroads?

Mr. Warren: Oh, over the Iron Mountain and the Texas and

Pacific and the Kansas City Southern.

Examiner Burchmore: There are a number of such exchanges? Mr. Warren: A number of such exchanges made.

Examiner Burchmore: And they are actually used?

Mr. Warren: I use mine.

3901 Examiner Burchmore: You never pay a fare where you have got a pass?

Mr. Warren: I don't think I ever forgot that I had one. I have paid when I did not have one though.

Examiner Burchmore: Who owns the right of way on which this railroad is constructed?

Mr. Warren: The Company.

Examiner Burchmore: You referred to a \$1.50 charge per thousand feet for taking the logs off those private spurs—branch spurs—and taking them to the main line.

Mr. Warren: I would like to explain that that covers the cost of the construction of those spurs and the operating of those spurs

and removing of them when no longer needed.

Examiner Burchmore: Is that charge published or filed?

Mr. Warren: We consider that as a purely local movement within the state.

Examiner Burchmore: Do the trains stop at all when they reach the main line? Don't they keep on going?

Mr. Warren: Sometimes they keep on but as a rule we have to stop and throw the switch.

3902 Examiner Burchmore: Is it not merely an indivisible

part of the whole haul from the tree to the mill?

Mr. Warren: We never considered it was a part of the through

Examiner Burchmore: All the tracks belong to the railroad Company?

Mr. Warren: Yes sir.

Examiner Burchmore: The engine goes the whole way from the tree to the mill?

Mr. Warren: Yes sir.

Examiner Burchmore: Then, what substantial reason is there for drawing this line at the junction between this spur track and

the main line and requiring the Long Leaf Lumber Company to pay up to this invisible line, and not requiring it to pay beyond?

Mr. Warren: They are temporary tracks that are constructed

solely for the purpose of bringing logs to the main line.

Examiner Burchmore: Then, the common carrier accommodates its patrons by building temporary spur tracks off in the woods to get that timber?

Mr. Warren: Yes sir.

3903 Examiner Burchmore: Do you accommodate any other patrons besides the Louisiana Long Leaf Lumber Company?

Mr. Warren: We would, and we have put in sidings for the benefit of other people on which to load their lumber. If they had enough lumber to justify the construction of a spar, we would build it.

Examiner Burchmore: Are there any small mills along this line?

Mr. Warren: One between Fisher and Victoria, ten miles from

Examiner Burchmore: Is that in operation?

Mr. Warren: Not right now; it burned recently; but we have no timber there.

Examiner Burchmore: Are they going to rebuild?

Mr. Warren: I don't know.

Examiner Burchmore: They cannot compete with your lumber mill without getting the same rate?

Mr. Warren: Oh, they have to bring their logs in by team, but we have to haul ours by team to our spurs.

Examiner Burchmore: But a much less distance?

Mr. Warren: Sometimes as far; as a rule it is not so.

Mr. Riddell: I believe you said the road was incorpo-3904 rated-I am not certain?

Mr. Warren: Yes sir.

Examiner Burchmore: It holds itself out to the public as a common carrier?

Mr. Warren: Yes sir.

Examiner Burchmore: That is all the public there is to that?

Mr. Warren: Yes sir. Mr. Riddell: You are recognized by the state railroad commission of Louisiana as a common carrier?

Mr. Warren: Yes sir.

Mr. Riddell: You own your own rail? Mr. Warren: Yes sir.

3905

Mr. Riddell: The same as your other property.

Mr. Warren: Yes sir. Examiner Burchmore: You are taxed as a common carrier?

Mr. Warren: Yes sir our valuation is assessed by the State Board of Railroad appraisers.

Mr. Riddell: Do you operate any track scales for weighing of car load freight?

Mr. Warren: We do at Fisher. Examiner Burchmore: One?

Mr. Warren: Yes, at Fisher, Louisiana.

Cross-examination:

Mr. Riddell: Is Victoria just east of the terminus of that line, in close proximity to Natchitoches, Louisiana?

Mr. Warren: About 12 miles distant.

Examiner Burchmore: What is the population of Natchitoches?

Mr. Warren: Between 3,000 and 5,000.

Examiner Burchmore: Have you ever been approached by the people of Natchitoches with a view of having your line extend there? Mr. Warren: We have.

Examiner Burchmore: Have you ever been offered any sub-

stantial encouragement to do it?

Mr. Warren: We were offered \$30,000,00 I think about two vears ago and the Natchitoches people told me to-day that they believed they would give me \$50,000,00.

Mr. Riddell: Well, do you imagine that they were prompted to do that by a desire to have your line build further so that the Louisiana Long Leaf Lumber Company could ship its lumber to Natchitoches?

Mr. Warren: I did not get the question.

Mr. Riddell: I say, do you imagine that the consideration that prompted them in making that offer was a desire to enable the Louisiana Long Leaf Lumber Company to ship its lumber to Natchitoches?

Mr. Warren: I hardly think so.

Examiner Burchmore: Where is Natchitoches? Is the junction of the two lines-of the Texas and Pacific Railway with the Louisiana and Northwestern Railway?

Mr. Warren: Yes, sir. Mr. Riddell: Now, Natchitoches is served already by two railroads, is it, the Texas and Pacific Railway and the Louisiana and Northwestern?

Mr. Warren: Yes, sir, it is.

Examiner Burchmore: Each of those lines is more important as to length anyhow, than the Victoria, Fisher and Western?

Mr. Warren: Yes, sir.

Examiner Burchmore: Is it the intention to make the Victoria. Fisher and Western Railroad a part of a through line with 3907 the Louisiana and Northwestern?

Mr. Warren: None in the world.

Examiner Burchmore: The conclusion you reach from the Natchitoches people is that it was an advantage to them to have the Victoria, Fisher and Western in the town?

Mr. Warren: Yes, and they are anticipating that there would be a through train service over our line, and the Louisiana and North-

western.

Examiner Burchmore: The Victoria, Fisher and Western Railroad does not have through rates on forest products to all territories of destination?

Mr. Warren: It does not.

Examiner Burchmore: In the absence of through rates—take for instance the tonnage, moving through the Kansas City Southern to Texas points, you have the same revenue on that, probably, do you not?

Mr. Warren: We charge our legal interstate rate.

Examiner Burchmore: And that legal rate is materially in excess I believe of your proportion of the through rate?

Mr. Warren: Yes, sir.

3908 Examiner Burchmore: You would charge from four to six cents a hundred pounds on shipments going through the medium of the Kansas City Southern into Texas, whereas your proportion of a through rate, where there is a through rate to Texas in connection with the Kansas City Southern, varies from one-quarter of a cent to two cents per hundred pounds, does it not?

Mr. Warren: Yes, sir.

Examiner Burchmore: Did I ask you for a map?

Mr. Warren: Yes, sir, you did.

Examiner Burchmore: Did I ask you for a statement of the tonnage such as I have asked other railroads?

Mr. Warren: I think the stenographer has it in the record.

Examiner Burchmore: If I did not, I wish you would furnish

such a statement.

Mr. Riddell: We have read it into the record, as far as products and other freights handled for the controlling interests and the other interests.

Examiner Burchmore: Has there been any material change in your manner of taxing transportation or in your rates and 3909 divisions in the last year?

Mr. Warren: No. sir.

Examiner Burchmore: The road is conducted substantially as it formerly was?

Mr. Warren: Yes, sir.

Examiner Burchmore: So that a report rendered to the commission by examiners in the field would probably describe the present condition and operation of the road about as accurately as it described conditions existing at that time?

Mr. Warren: The report was made by the examiner of the Com-

mission?

Examiner Burchmore: Yes.

Mr. Warren: I should think so.

Examiner Burchmore: That is, if the report was true then, it would be true now?

Mr. Warren: I think so.

Examiner Burchmore: In a substantial sense?

Mr. Warren: Yes, sir.

Whereupon, at 5:30 o'clock P. M. an adjournment was ordered by the Examiner until the next day, at 9:30 A. M., in the main room.

3910 At 9:30 o'clock A. M., pursuant to announcement,

Special examiner George P. Boyle opened the hearing in the case of The Gould Southwestern Railway Company in an adjoining room, where the following proceedings were had:

Gould Southwestern Railway Company.

Examiner Boyle: We will now take up the case of The Gould Southwestern Railway Company.

H. L. ROSENTHAL was called as a witness, and having been duly sworn, testified as follows:

Direct examination:

Examiner Boyle: State your name, residence, and official position, Mr. Rosenthal?

Mr. Rosenthal: H. L. Rosenthal, Chicago, Illinois; Traffic Man-

ager.

3911

Examiner Boyle: Of what railroad?

Mr. Rosenthal: The Gould Southwestern Railway Company.

Examiner Boyle: Located where?

Mr. Rosenthal: In Lincoln County, Arkansas. Examiner Boyle: How long is that line?

Mr. Rosenthal: 25½ miles.

Examiner Boyle: And extends between what places?

Mr. Rosenthal: Between Eastman and Star City.

Examiner Boyle: Have you a map of your railroad, or something that will represent it to assist us in locating it?

Mr. Rosenthal: Yes, sir.

Examiner Boyle: Do you offer this as an exhibit?

Mr. Rosenthal: Yes, sir.

Examiner Boyle: It will be received and filed as "Exhibit Rosenthal 1."

Mr. Gutheim: Just where does your road lie, so we will be able

to locate it on the map?

Mr. Rosenthal: It starts from a point 74 miles southeast from Little Rock on the Valley Division of the St. Louis, Iron Mountain & Southern Railway and runs in a southwesterly direction.

Mr. Gutheim: Is this road a standard or narrow gauge?

Mr. Rosenthal: Standard gauge.

Mr. Gutheim: The main line mileage is what?

Mr. Rosenthal: The main line mileage is 19½ miles, I be-3912 lieve.

Mr. Gutheim: And your connection is the St. Louis, Iron Mountain & Southern Railway,—that is your only connection?

Mr. Rosenthal: Yes.

Mr. Gutheim: At Gould? Mr. Rosenthal: Yes, sir.

Mr. Gutheim: Now, what particular industry does your line

serve, and what furnishes the majority of your tonnage?

Mr. Rosenthal: There are about eight or ten mills along the line, in addition to which there is the town of Star City, which town has around a dozen stores, several of them being more or less wholesale stores.

Mr. Gutheim: Star City is southwest of Gould in the timber?

Mr. Rosenthal: Yes.

Mr. Gutheim: And the principal industry on the road is at Esterbrook—the lumber company?

Mr. Rosenthal: No. sir.

Mr. Gutheim: What is the name of the lumber company

3913 that furnishes the larger proportion of your tonnage?

Mr. Rosenthal: There is not only one company that furnishes the majority of the tonnage; the biggest individual shipper on the road is Mr. R. E. Muse.

Mr. Gutheim: R. L. Muse-What is the-the Newhouse mill and

humber company's plant?

Mr. Rosenthal: The Newhouse mill and lumber company's plant are not operating any plant whatsoever on the line of the Gould Southwestern Railway now.

Mr. Gutheim: How long since they have operated?

Mr. Rosenthal: About—I don't think they have operated since

May, 1908.

Mr. Gutheim: Have the Newhouse Mill & Lumber Company any relation as far as community of interest goes, with the Esterbrook Lumber Company?

Mr. Rosenthal: There are several stockholders of the Newhouse Mill & Lumber Company, who also own stock in the Esterbrook

Company.

3914

Mr. Gutheim: Did the Newhouse Mill & Lumber Company succeed the Esterbrook Lumber Company in its operations on this line?

Mr. Rosenthal: They succeeded in the operation of mill out or in this territory during the year 1906.

Mr. Gutheim: So that the Esterbrook Lumber Company has not operated since 1906?

Mr. Rosenthal: No, sir.

Mr. Gutheim: And the Newhouse Mill & Lumber Co. has not operated since May, 1908? Mr. Rosenthal: Yes, sir.

Mr. Gutheim: To what extent are the Esterbrook Lumber Com pany, or the Newhouse Mill & Lumber Company interested in the railroad, directly or indirectly, that is except as shippers?

Mr. Rosenthal: There is not-I should like-

Mr. Gutheim: That is, did the Esterbrook Lumber Company, or its successors, the Newhouse Mill & Lumber Company control the railroad by reason of direct or indirect stock ownership?

Mr. Rosenthal: Yes, sir, in this way: That the owners of the Newhouse Mill & Lumber Company, are more or less identical with

the Gould Southwestern Railroad Company.

Mr. Gutheim: Is it not a fact that they are identical that the stockholders are the same? 3915

Mr. Rosenthal: No. not identical.

Mr. Gutheim: How much stock of the Gould Southwestern Rail road Company is owned by individuals who have no interest what ever in the Newhouse Lumber Company?

Mr. Rosenthal: I really don't know how much.

Mr. Gutheim: Well, about how much?

Mr. Rosenthal: Well, I cannot say, because I am not familiar with it; it is comparatively little.

Examiner Boyle: You are not qualified to testify on that, are

you?

Mr. Rosenthal: I am not qualified to testify on that.

Examiner Boyle: Is there any witness who can tell these things? That it is a small proportion?

Mr. Gutheim: Will you make a statement as counsel?

Charles T. Coleman: I understand that the majority of the stock in the Gould Southwestern Railway Company is owned by stockholders of the Newhouse Lumber Company; just what the

exact proportion is, I am not informed.

Mr. Gutheim: To state it in another way: Does the Newhouse Mill & Lumber Company or its stockholders own anything. except what is necessary to qualify them as directors?

Mr. Rosenthal: No, sir; I can answer that.

Mr. Coleman: I will state that we have had the financial man here for a week, but he was called away, and he can state the exact

status of the stock holdings if it is desired to submit it.

Mr. Gutheim: You may file the statement as part of the evidence, and show the list of stockholders and their respective holdings, and the extent to which each of these stockholders are interested in the Newhouse Mill & Lumber Company.

Mr. Coleman: Yes, we will do it.

Mr. Gutheim: Is the suspension of operation of the Newhouse Mill & Lumber Company a temporary suspension, or is it permanent on account of the exhaustion of the timber?

3917 Mr. Rosenthal: It is a permanent suspension, but not on account of the exhaustion of the timber, and it really is in The Newhouse Mill & Lumber Company has disposed of practically all of the timber with the exception of a little over a thousand acres, and it is only a question of a short time when they will dispose of that timber.

Mr. Gutheim: Has the timber that has been disposed of, been purchased by one individual or one company or corporation?

Mr. Rosenthal: No, sir it has been disposed of to several, I understand.

Mr. Gutheim: What is the name of the largest purchaser?

Mr. Rosenthal: I don't think I know.

Mr. Gutheim: Do you know whether or not the purchasers are those small mills along the line you have spoken of?

Mr. Rosenthal: Yes, sir, some of them.

Mr. Gutheim: About what is the total acreage that has been disposed of actually or presumably.

Mr. Rosenthall: You mean that has been disposed of, these 3918 outside interests?

Mr. Gutheim: To the various interests.

Mr. Rosenthal: About 617 acres.

Mr. Gutheim: That is substantially all of the remaining timber to be cut, the product of which will be shipped over this road? Mr. Rosenthal: No, that is a very small proportion of the stand-

ing timber along the road.

Mr. Gutheim: Well, as a matter of fact we seemed to have reached a point where there is a large amount of timber remaining to be cut, but owing to some stand of the Newhouse Lumber Company which controls the road; but these owners are not operating and presumably do not intend operating the mill.

Mr. Rosenthal: That part is true; they don't intend to operate

a mill.

Mr. Gutheim: So that you wish us to infer, the road is not to be operated or built by the Newhouse Mill & Lumber Company, out of the territory through the ones interested in the railroad so far as the active operation was concerned?

Mr. Rosenthal: That is true.

Mr. Gutheim: What other industries are there along the line outside of the lumber industries that furnish the traffic?

Mr. Rosenthal: There are several large plantations growing cotton and other agricultural products, and in addition to that, practically the whole of Lincoln County and its inhabitants there, are more or less contiguous to the road, and more or less dependent upon the road for transportation and supplies.

Mr. Gutheim: What is the population? First, for instance, at

Star City?

Mr. Rosenthal: Yes, that is-

Mr. Gutheim: That depends entirely on the Gould Southwestern Railway Company for railroad service.

Mr. Rosenthal: Between there and Gould.

Mr. Gutheim: Gould is the southwestern terminus of the line?

Mr. Rosenthal: Yes, sir.

Mr. Gutheim: What population is there, giving the names of the communities and the population of each, between Gould and Star City?

Mr. Rosenthal: Why, there is between Gould and Star

3920 City, three or four towns.

Mr. Gutheim: Name them.

Mr. Rosenthal: Would amount in population approximately-Champerico, Arkansas, about fifty or seventy-five I believe: that is the only real settlement that is directly on the line of the road, but Lincoln County is one of the oldest settled counties in the State of Arkansas, and scattered all through it are small towns and villages, which we do not directly run through; that is, through the villages, but whom we cater to.

Mr. Gutheim: Well, what is the approximate population of the villages dependent on the Gould Southwestern Railway-what is it?

Mr. Rosenthal: Between five and ten thousand.

Examiner Boyle: That is the city located at that eastern terminus. is what?

Mr. Rosenthal: Gould:

Examiner Boyle: I notice the road extends beyond Gould?

Mr. Rosenthal: Yes, sir, to Benners.

Examiner Boyle: What is the population of that place? 3921 Mr. Rosenthal: I don't think there are any permanent residents there.

Mr. Gutheim: About what is the population?

Mr. Rosenthal: I don't think there are any people living there. It's just a station.

Mr. Gutheim: Nobody at all?

Mr. Rosenthal: Yes, there are several people immediately around.

Mr. Gutheim: The population is less than one hundred?

Mr. Rosenthal: Yes; you mean around-

Mr. Gutheim: In Benners?

Mr. Rosenthal: There are no people in Benners at all; it is just a station—a lumber mill, and forest products.

Mr. Gutheim: Is that the only station east of the St. Louis Iron

Mountain & Southern Railway?

Mr. Rosenthal: No, west Arkansas is also a station. Mr. Gutheim: What is the population of that place?

Mr. Rosenthal: That is a mill point.

Mr. Gutheim: What is the population?

Mr. Rosenthal: That is a mill town, the people don't live 3922 there; they live over at Gould.

Mr. Gutheim: What sort of a mill is there?

Mr. Rosenthal: It is a big saw mill. Mr. Gutheim: What is its capacity?

Mr. Rosenthal: About 20,000 feet per day. Mr. Gutheim: It runs pretty regularly?

Mr. Rosenthal: Yes, sir.

Mr. Gutheim: Who owns the mill?

Mr. Rosenthal: That mill is operated by R. L. Muse.

Mr. Gutheim: Was this town of Star City a settled community when the Gould Southwestern Railway built into that country? Mr. Rosenthal: Yes, sir; it has been in existence since before

the Civil War.

Mr. Gutheim: Where is the mill that was formerly operated by the Newhouse Mill & Lumber Company?

Mr. Rosenthal: At West Arkansas.

Mr. Gutheim: Where is West Arkansas on your line?

Mr. Rosenthal: It is a mill that is now operated by Mr. R. L. Muse, just east of Gould.

Mr. Gutheim: Just how far east of your St. Louis & Iron

Mountain Railway is it? 3923

Mr. Rosenthal: I should judge it to be about one-eighth

of a mile.

Mr. Gutheim: And the service on the product of the mill, and West Arkansas, to the St. Louis Iron Mountain & Southern Railroad has been performed during the operation of the saw mill by the Gould Southwestern Railway?

Mr. Rosenthal: Entirely.

Mr. Gutheim: The St. Louis Iron Mountain & Southern Railway, does not handle the traffic?

Mr. Rosenthal: No. sir.

Mr. Gutheim: Was this railroad constructed by the Newhouse Mill & Lumber Company, or the Esterbrook Lumber Company that preceded it?

Mr. Rosenthal: Well, I think I had better give you the history of the transaction.

Mr. Gutheim: Go ahead.

Mr. Rosenthal: During the latter part of 1906.

Examiner Boyle: Well, just state when the road was built.

Mr. Rosenthal: Yes, sir, the Esterbrook Lumber Co., built the
mill, and they controlled some money—during that same
3924 summer—

Examiner Boyle: What summer?

Mr. Rosenthal: Summer of 1906; the Newhouse Mill & Lumber Company, they took over all the interests of the Esterbrook Lumber Company, and then the Newhouse Lumber Company proceeded to build a track running from the property at Benners there is a station called Weber, about three miles west of Gould—southwest, and in November of that year, owing to the fact that two parties had asked us—in fact, more than two had asked us to extend the road so as to handle their product, the railroad was incorporated and took over the line formerly owned by the Newhouse Mill & Lumber Company; that was about three miles. And since that time the Gould Southwestern Railroad Company has extended it from Weber to its present length.

Mr. Gutheim: So that, the railroad practically was built contem-

poraneously with the mill proper?

Mr. Rosenthal: Yes, sir, the first section was.

Mr. Gutheim: And the rest of it has been built in parts since the operation of the mill.

Mr. Rosenthal: No, sir.
Mr. Gutheim: Not at all.
Mr. Rosenthal: No, sir.

Mr. Gutheim: Do you mean it was all built, this twenty-one miles of the main line at the solicitation of parties living along that main line?

Mr. Rosenthal: Yes, sir.

Mr. Gutheim: As a matter of fact has the whole twenty-one miles of line been used for the handling of logs for the Newhouse Mill & Lumber Company?

Mr. Rosenthal: No, sir; the line was not completed into Star City

at all, until after the mill had ceased operation.

Mr. Gutheim: Do you mean that the construction went on afterthe mill had ceased operations?

Mr. Rosenthal: Yes, sir.

Mr. Gutheim: It went on to Star City presumably for local tonnage, not the tonnage of your people at all?

Mr. Rosenthal: Yes, sir.

3926

Mr. Gutheim: As a matter of fact, have the Newhouse Mill & Lumber Company done any cutting to the southwest of the St. Louis Iron Mountain & Southern Railway.

Mr. Rosenthal: To the southwest.

Mr. Gutheim: That is the line I understand which runs in a generally southwesterly direction from the St. Louis Iron Mountain & Southern, or have all their timber operations been to the eastward of the St. Louis Iron Mountain & Southern Railway?

Mr. Rosenthal: Their timber operations at the time the mill was running extended all the way to Benners, and up to Weber.

Mr. Gutheim: All east of the St. Louis Iron Mountain & Southern

Railway?

Mr. Rosenthal: No, Weber is west of the St. Louis Iron Mountain & Southern Railway. I might add at that time—you will notice that Weber is right here; we formerly had a line running from one mile west of Evans to Champion, through Weber, but that line has been taken up since, and we built this cut-off.

Mr. Gutheim: So that your use for logging no one line, except that east of the St. Louis Iron Mountain and Southern, and for a distance of three miles west of the St. Louis Iron Mountain &

Southern Railway?

3927 Mr. Rosenthal: It has been used for logging.

Mr. Gutheim: I am referring to the logging of the Newhouse Mill & Lumber Company.

Mr. Rosenthal: No, sir.

Mr. Gutheim: Does the Newhouse Mill & Lumber Company own any timber west of the St. Louis Iron Mountain & Southern Railway beyond that three mile limit?

Mr. Rosenthal: Yes, sir.

Mr. Gutheim: How extensive are their holdings there?

Mr. Rosenthal: Eleven or twelve hundred acres.
Mr. Gutheim: Eleven or twelve hundred acres?

Mr. Rosenthal: I think it is less than that; I don't know how ex-

tensive it is; but the holdings are compagratively small.

Mr. Gutheim: Was the railroad constructed by the lumber company itself,—that is, operating for the railroad, or was it constructed by some regular railroad construction company?

Mr. Rosenthal: It was constructed by the railroad company it-

self.

Mr. Gutheim: That is by the Gould Southwestern Railroad Company?

3928 Mr. Rosenthal: Yes, sir, by the Gould Southwestern Rail-

road Company.

Mr. Gutheim: Now, about the financing of the original construction; that was money furnished by the Esterbrook Lumber Company, originally?

Mr. Rosenthal: No, by the Newhouse Mill & Lumber Company

—that is, the original three miles?

Mr. Gutheim: Yes.

Mr. Rosenthal: Yes, sir, the Newhouse Mill & Lumber Com-

nany

Mr. Gutheim: The Newhouse Mill & Lumber Company. And they also furnished the money for the construction of the road I take it, you say, twenty-one miles?

Mr. Rosenthal: They did it in this way; they lent money to the Gould Southwestern Railroad Company on the Gould Southwestern Railway Company's notes.

Mr. Gutheim: What is the outstanding capital stock at the present time?

Mr. Rosenthal: Fifty-one thousand dollars.

Mr. Gutheim: What other indebtedness is there over and above that?

Mr. Rosenthal: Do you mean bonded indebtedness? 3929

Mr. Gutheim: Yes, bonded indebtedness. Mr. Rosenthal: There is no bonded indebtedness.

Mr. Gutheim: What portion of the indebtedness is it that is

applicable to construction account?

Mr. Rosenthal: Well, the indebtedness of the Gould Southwestern Railway Company-I believe the only indebtedness about one hundred and ten thousand dollars which they owe the Newhouse Mill & Lumber Co., on notes.

Examiner Boyle: Those notes represent what? Mr. Rosenthal: They represent money that the Gould Southwestern Railway Company borrowed from the Newhouse Mill & Lumber Company.

Examiner Boyle: For what purpose?

Mr. Rosenthal: The Gould Southwestern Railway Company used the money for the construction and equipment of the road.

Mr. Gutheim: Now, that money was used for the original construction. Is it also a fact that the financial transaction of the railroad company had been done through the Newhouse Lumber Com-

pany's running account kept between both companies, so that the amount now due from the railroad company represents the net balance that is due, to date, both for construction and

operation of the road.

Mr. Rosenthal: No, I don't think so; in other words, what you mean is, that the Newhouse Mill & Lumber Company paid the bills of the Gould Southwestern Railway and charged them up with it?

Mr. Gutheim: Yes, and got credit for what service the Gould

Southwestern Railway Company performed for them.

Mr. Rosenthal: No; the accounts are handled as separate cor-

porations.

Mr. Gutheim: So, the fifty thousand dollars of stock outstanding. and the indebtedness amounting to one hundred and seventy thousand dollars represents nothing but the cost of the road, and the equipment?

Mr. Rosenthal: Practically.

Mr. Gutheim: That would be at the rate of about ten thousand dollars per mile?

Mr. Rosenthal: Yes, sir, about it.

Mr. Gutheim: And that indebtedness is due the Newhouse Mill & Lumber Company. What interest is paid by the Gould Southwestern Railway Company? 3931

Mr. Rosenthal: Six per cent.

Mr. Gutheim: At the present time, are the officers of the Gould Southwestern Railway Company the same as the officers of the Newhouse Mill & Lumber Company?

Mr. Rosenthal: Well, I should judge they are practically the same.

Mr. Gutheim: They are substantially the same?

Mr. Rosenthal: Yes, sir.

Mr. Gutheim: What weight of rail is there on this line?

Mr. Rosenthal: I think fifty-six pounds.

Mr. Gutheim: Throughout?

Mr. Rosenthal: No, with the exception of a very small section which is lighter weight, and which will be replaced within the coming six months, I believe.

Mr. Gutheim: Are there any bridges?

Mr. Rosenthal: Eleven.

Mr. Gutheim: Are they substantial bridges?

Mr. Rosenthal: Yes, sir.

3932 Mr. Gutheim: Are any of them iron or steel?

Mr. Rosenthal: No, sir, they are all wooden structures.
Mr. Gutheim: Are there any station buildings on your line?

Mr. Rosenthal: Two.

Mr. Gutheim: Where are they located? Mr. Rosenthal: At Gould and at Star City.

Mr. Gutheim: Gould is the junction with the St. Louis Iron Mountain & Southern Railway; is that the St. Louis Iron Mountain & Southern Railway Company's depot also?

Mr. Rosenthal: No, sir, they have a separate depot. Mr. Gutheim: There is a post office at Star City?

Mr. Rosenthal: Yes, sir.

Mr. Gutheim: And also at Champion? Mr. Rosenthal: Yes, sir, so I understand.

Mr. Gutheim: And your line carries the mails for both places?
Mr. Rosenthal: No, sir, not yet; there was an application made, and I know an inspector was over the road about sixty days ago, and he passed favorably on it, and recommended giving the

1933 Gould Southwestern Railway Company a mail contract.

Mr. Gutheim: Have you any facilities for weighing carload shipments on your line?

Mr. Rosenthal: No, sir.

Examiner Boyle: You have no track scales at all?

Mr. Rosenthal: No, sir.

Examiner Boyle: Has the lumber company any track scales?

Mr. Rosenthal: No, sir.

Examiner Boyle: You rely upon whom for your weights?

Mr. Rosenthal: Our rates are, as far as local rates are concerned, are practically card rates, and when the stuff goes off the line, then we use the per hundred pounds rates, and depend on the St. Louis Iron Mountain & Southern Railway for our weights.

Mr. Gutheim: What equipment do you operate at the present

time?

Mr. Rosenthal: Two locomotives and one combination coach and baggage car, one wrecking train; and there are four cars that are principally used for the—we have no use for them except the work train.

Mr. Gutheim: Have you any regular freight cars?

Mr. Rosenthal: We use foreign line equipment entirely.
Mr. Gutheim: Is all of your equipment, equipped with

3934 Mr. Gutheim: Is all of your equipment, ed safety devices as required by the Federal Acts?

Mr. Rosenthal: Yes, sir, with the exception of these four cars which are used for work train purposes entirely, and do not go off the line; as a matter of fact, I don't think these four cars have been used in the last six months; I think they are out of commission.

Mr. Gutheim: What facilities have you for dispatching trains,

have you any telegraph or telephone lines?

Mr. Rosenthal: We have a telephone line.

Mr. Gutheim: And are your trains so dispatched?

Mr. Rosenthal: Yes, sir.

Mr. Gutheim: About how many employees do you have on the road work?

Mr. Rosenthal: Two section crews, of six men each. With one foreman; we have train crews of three men each, and we have one or two others whom I do not know.

Mr. Gutheim: Have you any agency employees?

3935 Mr. Rosenthal: Yes, sir, we have one at Gould, and one at Star City.

Mr. Gutheim: Is the Gould agent a joint agent with the St. Louis Iron Mountain & Southern Railway?

Mr. Rosenthal: He is not.

Mr. Gutheim: Do the men—the railroad employees, work for the railroad solely, or do they work also for the Newhouse Mill & Lumber Company?

Mr. Rosenthal: They are railroad employees solely.
Mr. Gutheim: How many trains do you run daily?

Mr. Rosenthal: Four, two each way.

Mr. Gutheim: Both of them passenger and freight trains?

Mr. Rosenthal: Yes, sir.

Mr. Gutheim: Do you observe the hours of service?

Mr. Rosenthal: Yes.

Mr. Gutheim: These trains run on regular schedules, connecting with the St. Louis Iron Mountain & Southern Railway trains, I suppose?

Mr. Rosenthal: Yes, sir.

Mr. Gutheim: Do you have any arrangements for handling express business?

Mr. Rosenthal: We handle all express business.

Mr. Gutheim: As a railroad?

3936 Mr. Rosenthal: As a railroad, ves. sir.

Mr. Gutheim: And not under an express contract?

Mr. Rosenthal: No, sir, not under an express contract?

Mr. Gutheim: About what is the extent of the passenger traffic?
Mr. Rosenthal: Between eight hundred and one thousand per

month, and constantly increasing.

Mr. Gutheim: You know about the special statement that has been called for to give in full the rates showing the total tonnage, the total revenue for the fiscal year ending June 30, 1910, and showing

the division of the tonnage and revenue, so that we may know what accrues on the business of the Newhouse Mill & Lumber Company, and what accrues on the business of the outside general public.

Mr. Gutheim: As a matter of fact, just what does your total tonnage handled for all parties other than the Newhouse Mill & Lumber

Company consist of?

Mr. Rosenthal: Of lumber and forest products, cotton and grain.

agricultural implements; all merchandise etc.

Mr. Gutheim: Do you have through rates with the di-3937 visions allowed to your company on lumber and forest products?

Mr. Rosenthal: We do.

Mr. Gutheim: And on classes and commodities generally?

Mr. Rosenthal: We do.

Mr. Gutheim: What division is allowed to the Gould Southwest-

ern Railway on the lumber and forest products?

Mr. Rosenthal: Before replying to that, I would like to make this statement, that our lumber rates and forest products from off our stations, are not predicated upon the division of the rates applying within a radius of a mile of Gould, which includes the station of Benner and Grandt inclusive; further on we add an arbitrary running from two cents per hundred pounds to five cents per one hundred pounds over the Gould rates; and in the division of these rates we get two cents per one hundred pounds, plus the arbitrary.

Mr. Gutheim: Now, as I understand it, the junction point or Gould rate applies to all points within a radius of one mile from

Gould?

Mr. Rosenthal: Practically.

3938 Mr. Gutheim: Now, what mills are located within that

Mr. Rosenthal: The mill at West Arkansas, and the mill at Grandt.

Mr. Gutheim: Who owns the mill at West Arkansas?

Mr. Rosenthal: R. L. Muse operates the mill; that is his mill

Mr. Gutheim: For whom?
Mr. Rosenthal: For himself.

Examiner Boyle: What is its capacity?

Mr. Rosenthal: I think it is a twenty thousand foot mill.

Mr. Gutheim: He does not own the mill?

Mr. Rosenthal: It was leased to him by the Newhouse Mill &

Lumber Company under a three year lease.

Mr. Gutheim: Right here I want to say that in this statement of tonnage you are to show particularly the tonnage of R. L. Muse as the tonnage of the controlling interest, and show it separately from all the other tonnage.

Mr. Rosenthal: Yes, sir.

Mr. Gutheim: What is the mill at Grandt?

Mr. Rosenthal: It is a mill owned by Mr. A. J. Keller.

3939 Mr. Gutheim: Has Mr. Keller any connection with the Newhouse Mill & Lumber Company?

Mr. Rosenthal: No. sir.

Mr. Gutheim: As a matter of fact is not the preponderance of the tonnage furnished by this mill which is now operated by Mr. Muse?

Mr. Rosenthal: No, sir.

Mr. Gutheim: I understood you to say in the beginning of the examination, that that was the largest mill?

Mr. Rosenthal: Yes, sir.

Mr. Gutheim: And that Mr. Muse was the heaviest shipper?

Mr. Rosenthal: I said the heaviest individual shipper.

Mr. Gutheim: That is what I mean, the heaviest individual shipper?

Mr. Rosenthal: Yes, sir, he is the heaviest individual shipper.

Mr. Gutheim: Out of these rates from these two mills, you get a division of what?

Mr. Rosenthal: Two cents per 100 pounds on interstate traffic.

3940 Mr. Gutheim: Two cents for all stations on interstate traffic?

Mr. Rosenthal: Yes, sir.

Examiner Boyle: Don't the card rate apply?

Mr. Rosenthal: The card rate was on local shipments between

points on our line.

Mr. Gutheim: From the mills outside of the one mile radius, you have a rate which is made up by adding your arbitrary to the junction point rate?

Mr. Rosenthal: Yes sir, the division we get is that arbitrary plus

two cents.

Mr. Gutheim: Yes, and the fact is, that all shippers outside of this one mile raidus have to pay your local arbitrary over and above the junction point rate in order to reach their market?

Mr. Rosenthal: They can-

Mr. Gutheim: And all of the arbitrary accrues to your company together with the two cents allowed out of the junction point rate?

Mr. Rosenthal: Yes. sir.

Mr. Gutheim: None of these mills that are outside of the one mile radius are controlled by the Newhouse Mill & Lumber Company?

3941 Mr. Rosenthal: Not that I know of.

Mr. Gutheim: So that the Newhouse Mill & Lumber Company, the lessor of the Newhouse property, in any case, pays more than the junction point rate?

Mr. Rosenthal: He pays—that is on the finished product shipped

out of his mill?

Mr. Gutheim: Yes, on the finished product shipped out of his mill.

Mr. Rosenthal: He does pay the local freight rates on everything shipped into the mill.

Mr. Gutheim: We will get to that on the matter of divisions again; is the division of the junction point rate, based on the milling in transit theory?

Mr. Rosenthal: I should judge it is.

Mr. Gutheim: Well, do you know that as a matter of fact from your knowledge of the tariffs?

Mr. Rosenthal: Yes, sir; I should judge it is.

Mr. Gutheim: What is the haul from the timber to the mill, out to the west-to west?

Mr. Rosenthal: Well, the haul is anywhere from three miles to

twenty miles.

Mr. Gutheim: And what is the rate? Is it paid per thousand feet or per logging car, taking the haul on the logs, and the 3942 lumber, being the differential of the mill to the railroad company.

Mr. Rosenthal: It runs from five to twelve dollars and a half per

car, according to the tariff.

Mr. Gutheim: That is the tariff published on the authority of the Arkansas State Railroad Commission?

Mr. Rosenthal: Yes, sir, published and filed with the Arkansas State Railroad Commission.

Examiner Boyle: Is there any lumber consumed locally at Gould? Mr. Rosenthal: Practically none.

Examiner Boyle: It is all shipped out?

Mr. Rosenthal: Yes, sir. Very little lumber is consumed at other points on the Line.

Examiner Boyle: It is more or less a negligible quantity?

Mr. Rosenthal: Yes, sir. Mr. Gutheim: The service that the Gould Southwestern Railway Company performs on the lumber is a one-eighth of a mile haul at most?

Mr. Rosenthal: Yes, sir, on the finished product. Mr. Gutheim: On the finished lumber.

Mr. Rosenthal: Yes, sir.

Mr. Gutheim: The general offices of the company are also at Gould?

Mr. Rosenthal: Yes, sir.

3943

Mr. Gutheim: You are complying with the Federal law in regard to the publication of tariffs?

Mr. Rosenthal: We do.

Mr. Gutheim: And also filing all monthly and annual reports?

Mr. Rosenthal: We do.

Mr. Gutheim: Does the road operate on a paying basis?

Mr. Rosenthal: There has been a deficit for the last two years. Mr. Gutheim: Well, what is the net profit and loss account at the

present time? Does it show a surplus or a deficit? Mr. Rosenthal: At the present time?

Mr. Gutheim: Yes.

Mr. Rosenthal: I think there is a slight surplus; very slight how-

3944 Mr. Gutheim: Have you ever paid any dividends?

Mr. Rosenthal: No, sir, all of our money that ever comes in is turned right back into the company for betterments.

Mr. Gutheim: When you made the statement at the opening of the examination, that the Newhouse Mill & Lumber Company would not probably operate again, you meant that they would not run their mill proper? That the property would be operated by a lessee, as a matter of fact?

Mr. Rosenthal: Part of the timber has been sold by the Newhouse

Mill & Lumber Company-

Mr. Gutheim: Has it been sold by the Newhouse Lumber Company and taken by Mr. Muse?

Mr. Rosenthal: I don't think so.

Mr. Gutheim: Have you any knowledge of his timber holdings

in the vicinity that are still served by that railroad?

Mr. Rosenthal: Sometimes he is in the habit of buying logs; I don't think he owns very much timber land himself, but he is in the habit of buying logs—is in the habit of buying them within

3945 a radius of forty or fifty miles of Gould and some logs come from points on the St. Louis Iron Mountain & Southern into his mill, and some are hauled in by wagons, and sold by various

people at Gould.

Mr. Gutheim: That is all Mr. Examiner at this time, except that it should be definitely understood, that traffic that is handled by this road for account of Mr. Muse, is to be considered as traffic for the controlling interest.

Mr. Rosenthal: The Gould Commission Company, you don't want

to have-

Examiner Boyle: That is a matter for argument.

Mr. Gutheim: For the purposes of the commission when these

industrial industries are taken into consideration.

Examiner Boyle: Just a moment. We are getting into an argument on this, and I presume that counsel should interpose an objection.

Mr. Gutheim: The proposition is this, when this industrial railroad examination started working, the Commission requested the Examiners to ascertain how much traffic is controlled directly or

indirectly by the interests controlling the railroad, and inasmuch as the Newhouse Mill & Lumber Company control

this railroad and own the mill, and control the operation of the mill, the Commission will take the stand in this examination, that they are the controlling interest, and the fact that you have been requested to prepare the statement showing the business of Mr. Muse separately will enable them to take it if they so desire, and see what is the business for the general public.

Mr. Coleman: I object to the fact stated; I would not object to signing it if it is agreed that this shall be considered traffic furnished

by the community interests.

Examiner Boyle: You could not afford to do that at present. I just want to ask you one question. When this Gould Southwestern Railway Company built this road, how did they get the right-of-way? Did they own the property, or get it through condemnation proceedings.

Mr. Rosenthal: They bought the property.

3947 Examiner Boyle: Outright?

Mr. Rosenthal: Yes. sir; outright. No, part of it they

received as a donation from the people at Star City, and some people along the line, which consisted partly of right-of-way would not sell a piece on which they started condemnation proceedings but for which they finally paid \$100.00 and bought the right-of-way; all other right-of-way was bought outright or donated.

Examiner Boyle: Do they own any more, or did they buy any more than enough for the actual roadbed; did they buy any acre-

age on either side?

Mr. Rosenthal: In the country, as far as the main line is concerned, all they own is just the right-of-way, which I think is some-

thing like fifty feet wide.

Examiner Boyle: The statement which the Examiner has asked you to submit, will show the proportion of through traffic as compared to lumber traffic, will it not?

Mr. Rosenthal: Yes, sir.

Examiner Boyle: That should be made distinct. Can you now give approximately about what your proportion is?

Mr. Rosenthal: I can state as far as— Examiner Boyle: I just want it approximately.

Mr. Rosenthal: As far as the twelve months ending November 30th this year are concerned—do you want the tonnage itself?

Examiner Boyle: The total tonnage for the twelve months.

Mr. Rosenthal: The total tonnage for the twelve months was about ninety three million pounds; the merchandise was about seven million pounds.

Examiner Boyle: Being eighty-six million pounds about, of tim-

ber and lumber?

Mr. Rosenthal: No, there was about two million pounds of cotton and cotton seed; that would be about nine to ten million pounds; other than forest products.

Examiner Boyle: Which would leave about eighty-three million

pounds of forest products?

Mr. Rosenthal: Yes, sir.

Mr. Gutheim: What arrangements do you have regarding car interchange to and from the mill now operated by Mr. 3949 Muse? Are your cars handled on a per diem basis with the

railroad company, or are they handled by the St. Louis Iron Mountain & Southern Railway on a demurrage basis with the

Newhouse Mill & Lumber Company.

Mr. Rosenthal: All cars are handled on a per diem basis by the Gould Southwestern Railway in connection with the St. Louis Iron Mountain & Southern Railway Company; that is a regular per diem agreement.

Mr. Gutheim: How long has that agreement been in effect.

Mr. Rosenthal: That agreement has been in effect I believe for about a year. The Gould Southwestern Railway was on the industrial basis.

Mr. Gutheim: That is, you had a regular free time allowance

for switching?

Mr. Rosenthal: No, we had a blanket allowance of three days' free time on cars going on our line.

Mr. Gutheim: What was the occasion for the change in the method of handling the cars interchanged, in the settlement thereof.

Mr. Rosenthal: We found it more economical to use a per diem basis than a three day basis.

3950 Mr. Gutheim: That is, you mean that you had to pay too much per diem on the old basis?

Mr. Rosenthal: Exactly so.

Mr. Gutheim: As a matter of fact, was all of the demurrage paid

when the change was made?

Mr. Rosenthal: It has nearly all been paid. The rest, a small balance due, which will be paid some time within the next month or two.

Mr. Gutheim: How much was paid, or how much accrued prior to the change from the demurrage to the per diem basis?

Mr. Rosenthal: I think about five or six hundred dollars. Mr. Gutheim: That amount was in dispute, was it not?

Mr. Rosenthal: It was.

Mr. Gutheim: And the entire amount has not yet been paid to the St. Louis Iron Mountain & Southern Railroad, but will be shortly: Was there any settlement?

Mr. Rosenthal: In what way?

Mr. Gutheim: On the basis of allowance on additional free time, or cutting down the amount that is due?

Mr. Rosenthal: No, the only allowance-made were on 3951 certain cars which were in dispute on which we proved our statement, and they withdrew the demurrage from all those particular cars.

Mr. Gutheim: You stated that the agent at Gould was not a joint agent. How long has the agent there been the agent solely of your

road?

Mr. Rosenthal: About two years, I believe.

Mr. Gutheim: Prior to that time was he a joint agent?

Mr. Rosenthal: Partly—part of the time he was, and part of the time we had separate agents.

Examiner Boyle: Just distinguish that a little more definitely. Mr. Rosenthal: When we first started we had a joint agent, and then we had a separate agent, and then we had a joint agent again; we had several disputes with the St. Louis Iron Mountain & Southern Railroad regarding the proportion of salaries and other minor items, and we withdrew from the joint agent proposition, and then we went back, and finally withdrew about two years ago.

Mr. Gutheim: What was the date that the mill property -

3952 leased to the present operators?

Mr. Rosenthal: About a year and a half ago, I believe.

Mr. Gutheim: And at that time was any of the timber of the Newhouse Mill & Lumber Company, the owner, leased for cutting?
Mr. Rosenthal: Some of the timber was sold outright to him.

Mr. Gutheim: Have you a copy of the lease that shows the nature of the operation at the present time?

Mr. Rosenthal: I have not with me.

Mr. Gutheim: Is there anything in the lease that provides for logging operations by the railroad company in connection with the present operations of the mill?

Mr. Rosenthal: Not that I know of, simply a lease of the busi-

ness

Mr. Gutheim: Will you furnish us with a copy of the lease under which the mill is presently operated?

Mr. Rosenthal: I think we can do it—we will do that.

Examiner Boyle: Are there any other questions for this witness?

Mr. Coleman: Yes, I want to ask some.

Mr. Coleman: The Newhouse Mill & Lumber Company went out of business, and abandoned all of its operations in that territory in 1908?

Mr. Rosenthal: Practically, yes, sir.

Mr. Coleman: And leased the mill to Mr. Muse?

Mr. Rosenthal: It did.

Mr. Coleman: How about their timber holdings—put them on the m-rket?

Mr. Rosenthal: I think they did.

Mr. Coleman: And since then this timber has been sold to a large extent to various parties, except about one thousand acres—it is down to a thousand acres.

Mr. Rosenthal: Yes, sir.

Mr. Coleman: Are the rest of their holdings still on the market for sale?

Mr. Rosenthal: They are, and they expect to have them disposed of within a comparatively short time. As a matter of fact I am informed that the Newhouse Mill & Lumber Company is

954 practically in a state of liquidation.
Mr. Coleman: Now, they operated a store did they not.

when they were operating the mill?

Mr. Rosenthal: They did.

Mr. Coleman: Did they sell that store?

Mr. Rosenthal: They did.

Examiner Boyle: What sort of a store was it?

Mr. Rosenthal: A commissary store.

Examiner Boyle: For the logging people?

Mr. Rosenthal: For everybody around there; it was a store in Gould—there were only two stores in Gould.

Examiner Boyle: Did they pay the employes off in commissary checks?

Mr. Rosenthal: No, paid them in cash.

Mr. Coleman: That was a general merchandise store?
Mr. Rosenthal: Yes, sit, a general merchandise store.

Mr. Coleman: Did they dispose of that at the same time?

Mr. Rosenthal: Yes, sir, they did.

Mr. Coleman: Now, at the time that this road was ex-3955 tended, and filed the articles of incorporation, what bonus was offered and paid by the citizens of Star City?

Mr. Rosenthal: A bonus of approximately twenty thousand dol-

lars was offered by the citizens of Star City, and has practically all been paid to date.

Mr. Coleman: Star City is the county seat of Lincoln County?

Mr. Rosenthal: Yes, sir.

Mr. Coleman: Has it any railroad facilities except this Gould Southwestern Railway?

Mr. Rosenthal: It has not.

Mr. Coleman: This map which you have filed as exhibit Rosenthal 1, does it show the ownership of the land contiguous to this railroad?

Mr. Rosenthal: It does.

Mr. Coleman: And those are the cleared farms now being cultivated by the people?

Mr. Rosenthal: It does, almost all of them.

Examiner Boyle: When you say these are the cleared farm lands, Mr. Rosenthal, to what do you refer?

Mr. Rosenthal: All this land along the line on either side of the Gould Southwestern Railway.

3956 Examiner Boyle: All this land along the line of Gould Southwestern Railway, how far back does it extend?

Mr. Rosenthal: Oh, practically two, three, four, or five miles, across there, I think.

Examiner Boyle: The extent of the lands—it is about three or

Mr. Rosenthal: It must be further than that, because the scale is small.

Mr. Coleman: As a matter of fact, is not the territory from Gould to Star City well settled territory, that has been, settled for a great many years?

Mr. Rosenthal: Yes, sir.

Mr. Coleman: Are there numerous farms on either side of the track within a radius of four or five miles of the track?

Mr. Rosenthal: There are.

Mr. Coleman: Has the Newhouse Mill & Lumber Company any interest in the operations of Mr. Muse?

Mr. Rosenthal: They have not.

Mr. Coleman: They had no part in these operations or disposition of these products?

Mr. Rosenthal: Absolutely not.

Mr. Coleman: These arbitraries that you spoke of, 3957 have they been arranged according to a distance from Gould?

Mr. Rosenthal: They have, on a graded scale, in accordance with the mileage.

Mr. Gutheim: That is in accordance with the Arkansas Railroad Commission's tariff?

Mr. Rosenthal: No, sir: they are lower than the Arkansas Railroad Commission's regulations.

Mr. Coleman: How is the property of the Gould Southwestern Railway assessed by the authorities in Arkansas, as railroad, or as private property?

Mr. Rosenthal: As railroad property, by the Board of Assessors.

Mr. Coleman: By the State Board of Assessors?

Mr. Rosenthal: Yes, sir.

Mr. Coleman: Are there any wholesale merchants at Star City?

Mr. Rosenthal: Three, I think.

Mr. Coleman: Are they dependent entirely on the Gould Southwestern Railway for their merchandise?

Mr. Rosenthal: Yes, sir.

3958 Mr. Coleman: Can you tell about what territory is sup-

plied in a general way from Star City?

Mr. Rosenthal: Practically—well, ten miles every way from Star City, and as a matter of fact the Gould Southwestern Railway cuts into Lincoln County, practically splitting the whole county; the St. Louis Iron Mountain & Southern Railway as you will notice just tips the corner of it. The Gould Southwestern Railway starts from that corner and cuts diagonally into the county; practically takes across the entire county.

Mr. Coleman: Has Star City received any new growth since the

completion of the road into it?

Mr. Rosenthal: They have; there have been quite a number of expensive improvements, including a sixty thousand dollar courthouse, and quite a number of new people from outside; an increase in the amount of general merchandise business, and a much bigger and better town since the Gould Southwestern Railway Company has gotten into it—a much more progressive place.

Mr. Coleman: In handling your passenger traffic, do you sell

tickets?

Mr. Rosenthal: We do.

3959 Mr. Coleman: State how the employees of the Gould Southwestern Railroad Company are paid, and by whom?

Mr. Rosenthal: The employees of the Southwestern Railway are

paid by the Gould Southwestern Railway itself.

Mr. Coleman: I believe that you stated the books of the railroad company are kept in accordance with the rules of the Interstate Commerce Commission?

Mr. Rosenthal: They are.

Mr. Gutheim: Does the Gould Southwestern Railway Company own the rails that it uses?

Mr. Rosenthal: It does not; it has leased them from the St. Louis Iron Mountain & Southern Railroad.

Mr. Gutheim: The entire rails?

Mr. Rosenthal: Yes, sir.

Mr. Gutheim: And what is the consideration that is paid to the St. Louis Iron Mountain & Southern Railroad?

Mr. Rosenthal: It pays it on the basis of six per cent. according to the valuation.

Mr. Gutheim: And the valuation is what?

3960 Mr. Rosenthal: Twenty eight dollars, I believe, per ton, f. o. b. Gould.

Mr. Gutheim: Now, the fifty thousand dollars of capital stock; was that capital stock paid for in cash or issued in the shape of bonus? Mr. Rosenthal: Fifty-one thousand dollars. Mr. Gutheim: Well, firty-one thousand dollars.

Mr. Rosenthal: It was issued in consideration of the value of the property turned over to it by the Newhouse Mill & Lumber Company, and distributed among the stockholders of the Newhouse Mill & Lumber Co.

Mr. Coleman: I should like to tender in evidence the contract between the Gould Southwestern Railway, and the St. Louis Tron

Mountain & Southern Railway for the lease of those rails.

Examiner Boyle: Do you offer that in evidence?

Mr. Coleman: I think we have it here; at any rate I will supply it. Examiner Boyle: It will be received in evidence.

The contract so offered and identified, was thereupon received in evidence, and marked "Defendants' Exhibit Rosenthal No. 2", received in evidence December 15, 1910, page 51, and is at-

3961 tached hereto.

Mr. Coleman: 1 might add that our rails are covered by four leases, and this is the latest; the terms are exactly the same in all of them.

Mr. Gutheim: Do you know what the total valuation is, on which

you pay six per cent?

Mr. Rosenthal: I should judge it to be about one hundred thousand dollars; I can get the exact figures and give them to you later. In fact it covers all of our twenty-five and one-half miles of rail.

Mr. Gutheim: Do you know what the actual property was that was conveyed to the Gould Southwestern Railway in consideration of the fifty thousand dollars of stock to the Newhouse Mill & Lumber Co.

Mr. Rosenthal: It consisted of the right-of-way and equipment;

in fact, everything they owned. Mr. Gutheim: At that time?

Mr. Rosenthal: At that time.

Mr. Gutheim: There was no built railroad? Mr. Rosenthal: There was no built railroad.

Mr. Gutheim: You mean just the bare right-of-way?

3932 Mr. Rosenthal: Yes.

Mr. Gutheim: At the time it was built from this place called Benners over about to Weber.

Mr. Rosenthal: It was built from there over this way, but that has been taken up since, and the line extended further east.

Mr. Gutheim: The total mileage was what, then?

Mr. Rosenthal: I should judge it was about five to six miles—I should judge five to six miles.

Mr. Gutheim: That is to say you paid them about ten thousand dollars per mile for the railroad line, the rails you do not own?

Mr. Rosenthal: That is it; yes, sir.

Examiner Boyle: Are there any further questions, gentlemen?

Mr. Coleman: What is the character of the country in which this road is constructed with reference to the cost of constructing it?

Mr. Rosenthal: It has to cross a great many bayous.

Mr. Gutheim: You gave the number of bridges you have?

Mr. Rosenthal: Yes sir.

Examiner Boyle: All that is in the record I think.

3963 Mr. Coleman: How about the grades?

Mr. Rosenthal: Furthermore, the soil is a gumbo mud, and it is a very expensive proposition to handle it, because it generally happens in Arkansas, once you build on that gumbo mud it has to be re-built.

Mr. Coleman: What do you mean by gumbo mud?

Mr. Rosenthal: A sort of clay that seems to absorb water. Mr. Coleman: It requires constant attention and repair?

Mr. Rosenthal: It is very treacherous; we have had to re-build our entire road two or three times.

Mr. Coleman: On either side of these bayous, is it a very rich level country—buckshot land?

Mr. Rosenthal: Yes, sir, very rich country.

Mr. Coleman: What is the largest bridge you have?

Mr. Rosenthal: Bayou Bartholomew, I believe. Mr. Coleman: What's the length of that bridge.

Mr. Rosenthal: Two hundred feet.

Whereupon at 11 o'clock A. M., on the 15th day of December 1910, the hearing of the above entitled matter was closed.

3964 The Liberty White Railroad Company.

For the defendant: W. B. Mixon, Esq.

Mr. Mixon: I wish to state that we have a sworn historical and statistical statement along the lines of those questions that have been asked the witnesses here, that will, I think, facilitate the handling of this matter.

Examiner Boyle: We will have to examine the witness, and you may have the witness introduce it as an exhibit.

Mr. Mixon: It gives a great deal of testimony that you desire.

W. M. White, was called as a witness, and having been duly sworn, testified as follows:

Direct examination:

Examiner Boyle: What is your name, address, and official connection with The Liberty White Railroad Company?

3965 Mr. White: W. M. White: Address, McComb, Mississippi; President and General Manager of The Liberty White Railroad Company.

Examiner Boyle: You may let the witness introduce this document if you wish.

The statement so offered and identified was received in evidence, and thereupon marked "Defendant's Exhibit No. 1", received in evidence December 15, 1910, and is attached hereto, page 2.

Examiner Boyle: How long have you been president and general manager of the Liberty White Railroad?

Mr. White: A year and a half.

Examiner Boyle: How long has the road been in existence? Mr. White: It has been in operation since July 20, 1904.

Examiner Boyle: Who was your predecessor?

Mr. White: The president was J. J. White; I have always been General Manager, and I was formerly General Manager.

Examiner Boyle: What relation was J. J. White to you?

Mr. White: He is my father.

3966 Examnier Boyle: You have offered this historical outline of your railroad in evidence, Mr. White?

Mr. White: Yes, sir.

Mr. Gutheim: The Liberty White Railroad runs from McComb, Mississippi, on the Illinois Central Railroad to Liberty, Mississippi, with another branch line from McComb City to New Holmesville, Mississippi, is that right?

Mr. White: Our main Line extends from New Holmesville, Pike

County, Mississippi, to Liberty in Amite County, Mississippi.

Mr. Gutheim: Have you a copy of your rate sheet that you could offer in evidence?

Mr. White: Yes, sir, I offer it in evidence as L-B No. 2.

The rate sheet so offered and identified, was received in evidence, and thereupon marked "Exhibit L-B No. 2", received in evidence December 15, 1910, page No. 3, and is attached hereto.

Mr. Mixon: The Liberty White Railroad Company has not only a connection with the Illinois Central Railroad, but an inter-section; that is to say, its main line extends across the Illinois Central Railroad?

3967 Mr. White: Yes, sir, our main line crosses the Illinois Central Railroad at McComb.

Examiner Boyle: How long is the Liberty White Railroad?

Mr. White: Our main line is 33 and 6-10ths miles.

Examiner Boyle: When you say "main line" then you necessa-

rily suggest that there is a branch line; what is that?

Mr. White: There is a branch line owned by J. J. White Company, which extends from Irene, a point on the main line of the Liberty White Railroad 7 & 6-10ths miles west of McComb City, to a point known as Keith, Mississippi, in Amite County.

Examiner Boyle: What is that distance? Mr. White: Ten miles over this branch line,

Examiner Boyle: How long did you say your main line was?

Mr. White: 33 & 6-10ths miles.

Examiner Boyle: That would make your entire mileage about forty-three miles?

Mr. White: Forty-three and six tenths miles up to the time of our

Mr. Gutheim: Now, Mr. White, what is the nature of the 3968 traffic furnished by the various locations along your line, principally?

Mr. White: The nature of the traffic is the same as that generally

done by any common carrier.

Mr. Gutheim: What are the commodities which furnish the largest proportion of the tonnage?

Mr. White: The largest proportion of the tonnage at present is

forest products.

Mr. Gutheim: What are the principal industries shipping forest

products?

Mr. White: Well, the various mills located along the line. We would like to offer in connection with the industries, a list of industries which was gotten out prior to any knowledge of this hearing, and we would like to offer this exhibit which will show a list of those industries.

Examiner Boyle: Have you got it with you? Mr. White: Yes, sir. It was gotten up——

Examiner Boyle: You have already offered in evidence as exhibit 2 the map of your railroad, have you not?

Mr. White: Yes, sir.

Examiner Boyle: Mr. White you now offer as exhibit 2 a pamphlet which shows on the back the line of your railroad, with the industries shown therein, to which you now refer?

Mr. White: Yes, sir.

Mr. Gutheim: What is the largest shipper of forest products on your line?

Mr. White: The largest shipper is the J. J. White Lumber Com-

pany.

Mr. Gutheim: To what extent is the J. J. White Lumber Com-

pany interested in the Liberty White Railroad Company?

Mr. White: The J. J. White Lumber Company as an organization is not interested in the Liberty White Railroad Company or its operation; practically the same stockholders owning the J. J. White Lumber Company, own The Liberty White Railroad Company.

Mr. Gutheim: The holdings being in substantially the same pro-

portion in each company?

Mr. White: Yes, sir, practically.

Mr. Gutheim: Now, you stated there were a number of other mills—these mills are all shown in the list of other industries 3970 which are shown in this exhibit 2?

Mr. White: Yes, sir.

Mr. Gutheim: When was this road built?

Mr. White: This road was built—that is the part that is shown in the statement.

Examiner Boyle: That will be sufficient then to avoid any question of this character.

Mr. Gutheim: I think you said the road was originally constructed by Mr. J. J. White or in his interest?

Mr. White: No, sir, not what is known as The Liberty White Railroad; that is also answered in the statement.

Mr. Gutheim: The Liberty White Railroad, we understand, is the successor of the road originally located by the J. J. White Lumber Company interests?

Mr. White: The Liberty White Railroad Company is the successor

to a part of that road.

Mr. Gutheim: That is such part of the road as remains permanent? Mr. White: It is now that part of the road which extends from McComb to Irene; that was their right-of-way formerly occupied by the J. J. White Lumber Company's private narrow 3971 gauge logging road.

Mr. Gutheim: Now, was the road built contemporaneously with

the lumber industry by Mr. J. J. White?

Mr. White: The road—the narrow gauge railroad which is not used, and never was used by The Liberty White Railroad Company, was built of course as a logging road to bring in logs to his saw mill. Mr. Gutheim: But that was the original property which was

taken over by The Liberty White Railroad as a corporation?

No, sir; thirteen and one-half miles of this narrow gauge rightof-way is now used by The Liberty White Railroad; this thirteen and one half miles of narrow gauge railroad was sold by J. J. White to The Liberty White Railroad.

Mr. Mixon: We have it all here.

Mr. Gutheim: What was the consideration paid?

Mr. Mixon: We have the deed here which will show the consideration.

Mr. White: I don't remember the consideration, the deed will show that; I think it was one hundred thousand dollars. Mr. Gutheim: That was for thirteen and odd miles of

narrow gauge construction? Mr. White: No, sir; no equipment. We never took the narrow

gauge equipment. Mr. Gutheim: Was the construction originally and subsequently of The Liberty White Railroad itself proceeded with as the needs of the White Lumber Company demanded, or was the road built upon the solicitation of citizens of settled communities?

Mr. White: This road was built upon the solicitation of the citizens of Liberty principally; about twelve miles of railroad was built

through a country that the timber had been removed from.

Mr. Gutheim: From Irene to Liberty?

Mr. White: From a station known as Glading.

Mr. Gutheim: Just beyond Irene?

Mr. White: Yes, sir.

Mr. Gutheim: And from Glading to Liberty, was that portion of the road built at the solicitation of the residents of Mississippi? Mr. White: Yes, sir, and the people living along the line.

3973 Mr. Gutheim: At that time, that was cut-over country?

Mr. White: Practically all, yes, sir.

Mr. Gutheim: Did the White interests have any timber remaining

to be cut in that section?

Mr. White: They had no timber remaining to be cut between Glading and Liberty, with the exception of some little timber that they acquired in the vicinity of Liberty, that was cut within the first few months of the railroad's operation.

Mr. Gutheim: Was that constructed by the railroad corporation

itself, or by a railroad construction company upon contract?

Mr. White: By the railroad corporation itself.

Mr. Gutheim: And was it paid for by money received from the

sale of its securities, or out of the lumber?

Mr. White: At the time the Liberty White Railroad was built, Mr. J. J. White owned the present lumber interests as an individual, and he of course, furnished the money for the building of the road, and afterwards took this in stock.

3974 Mr. Gutheim: Now, the line from McComb, east to New Holmesville; what was the occasion for the construction of

that road?

Mr. White: The occasion of the construction of the road from New Holmesville was the traffic, perhaps with the expectation of extending this part of the road to some other railroad connection on the east.

Mr. Gutheim: The New Orleans & Great Northern Railroad?

Mr. White: Well, possibly yes.

Mr. Gutheim: You did not get to the New Orleans & Great

Northern or any other line, did you?

Mr. White: We have made no connection with the New Orleans Great Northern Railroad, but we have made a survey, and I have a plat here to show that survey.

Mr. Gutheim: But the building of that branch was primarily to get another outlet for the tonnage of the J. J. White Lumber Company, and not at the solicitation of parties served along the line? By Mr. White: It was intended as shown in our statement.

Examiner Boyle: You can answer the question "yes" or

3975 "no."

Mr. White: Will you read that question, Mr. Stenographer. (Question read by stenographer). But the building of that branch was primarily to get another outlet for the tonnage of the J. J. White Lumber Company, and not at the solicitation of the

Mr White: No sir not as far as

Mr. White: No, sir, not as far as the Liberty White Railroad Company is concerned; its operation and management are entirely separate from the J. J. White Lumber Company, and the J. J. White Lumber Company is known to it as a shipper, the same as any other shipper on its line.

Mr. Gutheim: Well, the construction cost was financed in the same way, as the construction from Glading west, to Liberty, by

Mr. White?

Mr. White: Yes, sir.

Mr. Gutheim: And he took in exchange for the cost of construction, securities of the Liberty White Railroad Company?

Mr. White: No. sir.

Mr. Gutheim: It is represented by floating indebted-3976 ness?

Mr. White: Yes, sir, the cost of the road from McComb to New Holmesville stands as an indebtedness to Mr. J. J. White; I would like to explain in this connection, that Mr. J. J. White has retired from any active connection with any of his interests.

Mr. Gutheim: What is the outstanding indebtedness of the Liberty White Railroad, stocks and bonds, and floating indebtedness

at the present time?

Mr. White: That is shown in the annual report.

Mr. Gutheim: Give it to me, will you?

Mr. White consults the annual report and says: Capital stock oustanding three hundred thousand six hundred dollars.

Mr. Gutheim: Now, are there any bonds outstanding?

Mr. White: There are no bonds outstanding; bonds have been issued, but have never been placed upon the market.

Mr. Gutheim: The debt that is due to Mr. J. J. White-

Mr. White: It is approximate one hundred and thirty-four thousand dollars.

Mr. Gutheim: That shows there, the entire indebtedness? 3977 Mr. White: Yes, sir.

Mr. Gutheim: The stock outstanding is at the rate of approximately ten thousand dollars per mile for the whole line?

Mr. White: Yes, sir.

Mr. Gutheim: I understand the debt that is due to Mr. White represents money that was used in the construction of the road from McComb east to New Holmseville?

Mr. White: Yes, sir and a small indebtedness that was left over. that he did not take in stock in the original construction, as I recall

Mr. Gutheim: So that the whole outstanding indebtedness applicable to the construction of the Liberty White road is, approximately, \$434,600.00?

Mr. White: Yes, sir, approximately; of course I would not give the exact figures, because the exact figures are shown in our report.

Mr. Gutheim: The exact figures are with the report?

Mr. White: Yes, sir.

Examiner Boyle: And contains further in the exhibit 3978

which you have offered in evidence?

Mr. White: Yes, sir, contained further in the exhibit which I have offered in evidence; it is \$464,608.6 that is the cost of the road and equipment of the road up to June 30th 1910; that is the actual cost.

Mr. Gutheim: What rate of interest, if any, is paid upon the

indebtedness due to Mr. J. J. White?

Mr. White: Nothing.

Mr. Gutheim: Are the officers of the Liberty White Railroad at the present time, the same persons who serve as officers of the J. J. White Lumber Company?

Mr. White: No, sir.

Mr. Gutheim: Are any officials of the J. J. White Lumber Company, connected as officials of the railroad?

Mr. White: Yes, sir, but not in any active capacity.

Mr. Gutheim: In what capacity?

Mr. White: Mr. J. W. Johnson, for instance, the vice-president of the railroad company, is also vice-president of the lumber company. Mr. Johnson is only active—he is not active in his official capacity to the railroad company, except during the absence of myself.

Mr. Gutheim: The road is standard gauge throughout. 3979 at the present time?

Mr. White: Yes, sir.

Mr. Gutheim: It has what weight of rails?

Mr. White: Sixty pounds.

Mr. Gutheim: Are there any bridges to speak of?

Mr. White: Yes, sir, quite a number—one bridge across the Amite river. The bridge is about thirty-four hundred feet long.

Mr. Gutheim: Now, what sations have you with station buildings, and with agents for these towns on the statement, you may

say?

3980

Mr. White: Yes, this town in the statement—we would like to introduce in the evidence as exhibit here, photographs showing the stations and depots—I would simply like to exhibit these to the Examiner so that it will go in the record that we did exhibit them.

(The witness hands to Mr. Gutheim a number of photographs of depots and buildings along the line of The Liberty White Railroad.)

Mr. Gutheim: These are sufficient to show that the buildings are substantial buildings.

Are there any special grades on the road?

Mr. White: Our maximum grade is two per cent.

Mr. Gutheim: The ballast is the natural ballast of the country? Mr. White: No, sir, we have part of our track that is ballasted

with cinders, and a little that is with gravel, but very little with the gravel.

Mr. Gutheim: Do you have any team tracks, or tracks for the weighing of carloads—scale tracks?

Mr. White: We have team tracks at all of these stations.

Mr. Gutheim: What equipment do you operate at the present time?

Mr. White: We show the equipment in this exhibit No. 1.

Mr. Gutheim: And is the equipment all equipped with regard to the Federal Act with safety appliances?

Mr. White: Yes, sir.

Mr. Gutheim: Do you have any working equipment?

Mr. White: That is also shown in exhibit No. 1; yes, we have a wrecking train, a pile driver, and a general run of equipment.

Mr. Gutheim: What service have you for the dispatching of

trains?

Mr. White: We dispatch by telephone, and by the regular train dispatcher system.

Mr. Gutheim: How many road crews have you, and the number of men in them?

Mr. White: That is also stated in Exhibit No. 1.

Mr. Gutheim: And the same is true as to the station employees, and the train employees?

Mr. White: Yes, sir.

Mr. Gutheim: You may state as a matter of fact, outside of embit 1, how many agency stations you have on the line?

Mr. White: Well, I will name them; at New Holmesville we have

an agent, and at McComb City.

Mr. Gutheim: Is the McComb agent joint with the Illinois Central Railroad?

Mr. White: The McComb agent is not a joint agent so far as freight business is concerned.

Mr. Gutheim: He is a joint ticket seller?

Mr. White: Yes, sir, he is a joint ticket seller, but entirely under the control of The Liberty White Railroad. 3982 Examiner Boyle: If any one else offered a shipment, would you sign for it?

Mr. White: No, sir, not over the Illinois Central; he is not joint

agent over the Illinois Central.

Mr. Gutheim: Who would sign for the Illinois Central?

Mr White: The Illinois Central agent.

Examiner Boyle: He is separate and distinct, Mr. White?

Mr. White: Yes, sir.

Mr. Gutheim: What other agency stations are there? Mr. White: Glading, Robinson, Marshallton and Liberty.

Mr. Gutheim: At none of these points named, with the exception of McComb, has any other railroad facilities, except what are offered by the Liberty-White Railroad Company?

Mr. White: No, sir.

Mr. Gutheim: Are all of these agents, agents solely and employees of the Liberty-White Railroad Company?

Mr. White: No, sir, none of our employees have any connection with the J. J. White Lumber Company.

Mr. Gutheim: What passenger and freight train service do you

run?

Mr. White: We operate two passenger trains per day, and a local freight train each day, and such other freight trains that are nec-

Mr. Gutheim: Are the passenger trains straight passenger trains

or mixed?

Mr. White: Straight passenger trains.

Mr. Gutheim: Do you run a Sunday service? Mr. White: Yes, sir, two round trips per day.

Mr. Gutheim: Do you handle the United States mail for the United States Post Office at those towns named?

Mr. White: Yes, sir. Mr. Gutheim: Under a regular Government contract?

Mr. White: Yes, sir.

Mr. Gutheim: Do you have an Express service? Mr. White: Yes, sir, American Express service.

Mr. Gutheim: You have the usual basis of earnings there, about forty per cent?

Mr. White: I think it is about forty-five per cent. 3984

Mr. Gutheim: You think it is about forty-five per cent?

Mr. White: I think that is what it is.

Mr. Gutheim: About how much is your passenger traffic?

Mr. White: That is shown on the statement; I think it will run seventeen to eighteen thousand dollars per year.

Mr. Gutheim: Now, if the statement does not contain all the data asked for as to tonnage and revenue; that is the total tonnage and total revenue for the last fiscal year, showing separately that accruing on the business of the J. J. White Lumber Company, and that accruing on the business of the general public, that statement

should be filed with the Interstate Commerce Commission?

Mr. White: I would like to say in that connection that the way our business is run, we have not known the J. J. White Lumber Company in the handling of its logs, any more than the handling of any other company's logs, they being billed and charged on a regular published tariff on file with the Interstate Commerce Commission.

3985 Examiner Boyle: Just before we get off this question, Mr. White, is the statement for which the Examiner has asked

you, in the statement which you have filed as exhibit 1?

Mr. White: No. sir.

Examiner Boyle: You will file it?

Mr. White: Yes, sir, but it will be necessary for us to go through all of our records; for the reason all of these logs are way-billed.

Examiner Boyle: We anticipate that you will have to go through

your way-bills, Mr. White.
Mr. White: There was no reason for us to separate it.

Examiner Boyle: You will separate them and file the statement. please?

Mr. White: Yes, sir, I will do so.

Mr. Gutheir: That statement will be for the last fiscal year? Mr. White: Yes, sir, we will be very glad to furnish it.

Mr. Gutheim: Does the forest products produce the preponderance of your tonnage?

Mr. White: Well. yes. the general run of tonnage-cot-

3986 ton and cotton seed.

Mr. Gutheim: The cotton and cotton seed make up the greatest quantity of tonnage outside of forest products?

Mr. White: Yes, sir, and fertilizer and that class of stuff.

Mr. Gutheim: About what proportions are they? Mr. White: We will show that in the statement

Examiner Boyle: Can you state it off-hand, just approximately,

If you haven't it handy, don't bother.

Mr. White: I cannot state it for the mill company as I have said. Mr. Gutheim: That can be shown in the statement, Mr. White. Now, your business is conducted all on rates contained in the tariffs filed with the Interstate Commerce Commission?

Mr. White: Yes, absolutely.

Mr. Gutheim: Is the log haul for the J. J. White Company performed upon a tariff basis or upon a contract basis?

Mr. White: It is performed upon a tariff basis.

Mr. Gutheim: Are logs hauled locally for other producers other that the J. J. White Company?

3987 Mr. White: Yes, sir.

Mr. Gutheim: Who pay upon the same tariff?

Mr. White: Upon the same basis exactly as the J. J. White Lum-

Mr. Gutheim: Now, on shipments outgoing, of forest products, you have through rates in connection with the Illinois Central Railroad?

Mr. White: Yes, sir.

Mr. Gutheim: Also on classes and commodities?

Mr. White: We have no divisions on classes; our through rates on classes are made up on a combination of locals, and on a great many commodities we have: yes.

Examiner Boyle: What is the local up to junction point—a blan-

ket rate covering the entire line?

Mr. White: No, sir, it is on a mileage scale.

Examiner Boyle: And varies just about how much?

Mr. White: Our first class rate for instance, from McComb to Liberty, 25 miles, is fifty cents per 100 pounds.

· Mr. Gutheim: Now, does the junction rate—the McComb rate on forest products shipped over the Illinois Central Railroad 3988 apply back to points back on your entire line?

Mr. White: No, sir, we add two cents to this rate.

Mr. Gutheim: And what division do you get out of the through rate on the business?

Mr. White: On the business originating at McComb we get a di-

vision of two cents.

Mr. Gutheim: On business originating at McComb, you get a division of two cents applying to all destinations?

Mr. White: Not all destinations, no, sir; only to central and eastern territory.

Examiner Boyle: No matter what the point of origin on your

line?

Mr. White: It does not make any difference at the point of origin, as I stated we get two cents from the junction.

Mr. Gutheim: Out of the junction point rate?

Mr. White: We add two cents to make the rate from the other point. Mr. Gutheim: You might term that a sort of blanket rate

on traffic moving over your line? 3989

Mr. White: No, we get four cents up to the junction

point. Mr. Gutheim: Where is the mill of the J. J. White Lumber Company?

Mr. White: At McComb.

Mr. Gutheim: Is the product of that mill handled out by the Liberty-White Railroad Company?

Mr. White: No, sir, not in the main.

Mr. Gutheim: That is, the largest proportion of the tonnage shipped by the J. J. White Lumber Company's mill is taken out by the Illinois Central Railroad?

Mr. White: Yes, sir.

Mr. Gutheim: How much is there on the haul of those logs that

are brought to that mill by the Liberty-White Railroad?

Mr. White: Well, the logs they are now getting, are being hauled by the Liberty-White Railroad, a distance of seventeen and sixtenths miles, practically. Mr. Gutheim: That is from the timber now on the branch that

runs from Irene south, through Irene to McComb?

Mr. White: Yes, sir. 3990

Mr. Gutheim: And for this service the Liberty-White Railroad receives what compensation?

Mr. White: Five dollars per car.

Mr. Gutheim: Plus a two cent division out of the McComb rate when the shipment goes out?

Mr. White: Yes, sir.

Mr. Gutheim: You said that in some instances the product of the J. J. White mills is handled by the Liberty-White Railroad?

Mr. White: That is instances where they lead on The Liberty-White track, and the cars are moved by The Liberty-White Railroad through the Liberty-White interchange.

Mr. Gutheim: And what proportion of the product of the mill

is so handled?

Mr. White: It is quite small.

Mr. Gutheim: And the haul is how much by the Liberty-White Railroad Company to reach the Illinois Central Railroad interchange?

Mr. White: Well, it won't run over five hundred or six hundred

feet.

3991 Mr. Gutheim: On these other lumber companies' business, do you get the same rate of five cents on the logs, plus four

cents per 100 pounds out of the through rate?

Mr. White: Well, for instance, the rates as I remember it from Chicago to McComb is twenty-four cents; the rate then from Irene. a point on our line, at which there is a mill located, would be twenty-six cents. The Liberty-White Railroad Company gets five dollars per ear for hauling the logs to the Irene mill, plus four cents out of the twenty-six cent rate.

Mr. Gutheim: And in the case of the J. J. White Lumber Company's shipments, the Liberty-White Railroad Company then would get five dollars per car to McComb, plus four cents per 100 pounds

out of the twenty-four cent rate?

Mr. White: Yes, sir.

Mr. Gutheim: But it would perform no haul on the finished product, whereas in the case of the mill at Irene, it would perform

the haul from Irene to McComb?

Mr. White: Yes, sir; it would perform the haul from 3992 Irene to McComb-a seven and a half mile haul in that case, and of course it would also be necessary, if we had no tonnage or rather in loading to have an empty at Irene, it would be necessary to haul this empty to Irene, and pay a per diem on it.

Mr. Gutheim: Now, are there any other mills at McComb, besides the mill of the J. J. White Lumber Company?

Mr. White: No. sir.

Mr. Gutheim: So that, the J. J. White Lumber Company is the only mill on your line that ships on the junction point rate?

Mr. White: Yes, sir.

Mr. Gutheim: All other mills pay a two cent arbitrary above the

junction point rate, in consideration of which you perform a haul on the mill product to the junction point?

Mr. White: Yes, sir.

Mr. Gutheim: It is your understanding, that the Illinois Central Railroad's allowance of two cents to you out of the McComb rate, is on account of the milling in transit basis?

Mr. White: Yes, sir.

3993 Mr. Gutheim: It being arranged for by the same statement that has been made in most of the Illinois Central Railroad's tariffs applicable on business from this territory?

Mr. White: Yes, sir.

Mr. Gutheim: Are the general offices of your railroad—the Liberty-White Railroad Company in McComb?

Mr. White: Yes, sir.

Mr. Gutheim: Do you use the same offices with the J. J. White

Lumber Company, or have separate offices?

Mr. White: We do not use the same offices; we use the same building; the general offices of the Liberty-White Railroad Company occupy the entire second floor of the building which is occupied by the two interests.

Examiner Boyle: Who owns the building?
Mr. White: The J. J. White Lumber Company.

Examiner Boyle: Does the Liberty-White Railroad pay any rental for that office?

Mr. White: It has not paid any rental so far, because the building has only been put up recently.

3994 Mr. Gutheim: At the present time you are making monthly reports to the Interstate Commerce Commission?

Mr. White: Yes, sir.

Mr. Gutheim: Are you acting in compliance with the safety appliance Act?

Mr. White: Yes, sir.

Mr. Gutheim: And the Car Service Act?

Mr. White: Yes. sir.

Mr. Gutheim: Is your road being operated at the present time on a profitable basis?

Mr. White: The Liberty-White Railroad has made some slight profit, ves, sir.

Mr. Gutheim: Have you ever paid dividends?

Mr. White: We paid our first dividend during the last annual meeting; we paid a dividend of two per cent.

Mr. Gutheim: And what are you carrying in your surplus account?

Mr. White: Our surplus up to that time was about nine thousand dollars; this dividend of course, will be deducted from it.

3995 Mr. Gutheim: Do the officials of the Liberty-White Railroad,—you spoke of some inactive officials, do they receive any compensation from the railroad company?

Mr. White: The only other active official that I spoke of, and he is the only one that is active at times.

Me Coal and The trial is active at times.

Mr. Gutheim: That is the vice-president?

Mr. White: Yes, sir.

Mr. Gutheim: And his compensation is fixed from time to time according to his services?

Mr. White: Yes, sir.

Mr. Gutheim: Does the road own all of its equipment outright?

Mr. White: Yes, sir.

Mr. Gutheim: Does it rent any?

Mr. White: No, sir.

Mr. Gutheim: Now, this branch track?

Mr. White: I want to change that: it does not lease any: of course we have an equipment truck—an equipment mortgage made up in the form of a lease, which is shown in the annual statement.

3996 Mr. Gutheim: These do not run in favor of the J. J. White Lumber Company?

Mr. White: No, sir, not any one.

Mr. Gutheim: This branch that runs from Irene into the timber is operated under trackage rights for the L. J. White Lumber Company?

Mr. White: This branch extending from Irene to Keith, as a traffic proposition, is operated by a trackage right, and serves any industry located on this line.

Mr. Gutheim: What other industries are there on the line?

Mr. White: Well, that will be shown by the list of industries there; there are a number of saw mills, and lessees, that handle the general run of merchandise into these points.

Mr. Gutheim: That line is owned by the J. J. White Lumber

Company is it not?

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Mr. White: Yes, sir.

Mr. Gutheim: What consideration do you pay for the trackage privilege?

Mr. White: Three hundred dollars per month. Mr. Gutheim: And they maintain the track?

Mr. White: Yes, sir.

Mr. Gutheim: Do you operate on the logging spurs at the end of the track?

Mr. White: No. sir, the J. J. White Lumber Company owns no equipment except two Shay locometives which are used on their logging spurs. Our empty cars, are just the ordinary run of flat cars which we deliver to them at Keith, and their locomotives take these flat cars out of their own spurs, and load them, and deliver them back to the Liberty-White Railroad Company at Keith.

Mr. Gutheim: So that the entire logging spur operation is done by the locomotives of the J. J. White Lumber Company, and by the

employees of the J. J. White Lumber Company?

Mr. White: On the logging spurs? Mr. Gutheim: Yes, at its spurs?

Mr. White: Yes. sir.

Mr. Gutheim: These locomotives are loaned outright, and not leased by the J. J. White Lumber Company from the J. J. White Lumber Company?

Mr. White: No, sir, they are the property of the J. J. 3998

White Lumber Company. Mr. Gutheim: The rails of the road are owned outright, and

not leased from the Illinois Central Railroad Company?

Mr. White: Twelve miles are leased by the Illinois Central Railroad, on a twelve year contract, based on a valuation, I think, of about twenty-one dollars per ton, for which we pay six per cent interest.

Mr. Gutheim: With the privilege of purchase at any time?

Mr. White: With the privilege of purchase at any time, and in

the nature of a traffic agreement for the use thereof.

Mr. Gutheim: Is that ten miles of rail laid on the main line from New Holmesville, or from McComb to Liberty, or is it used on the branch from Irene down to Keith?

Mr. White: No sir, it is not laid on the Irene branch; it is dis-

tributed at various points on the main line.

Mr. Gutheim: Do you know what the total compensation or total valuations are, on which you pay a rate of interest on that 3999 rail?

Mr. White: Why, it is approximately twenty-two thousand dollars; those are not exact figures however.

— Examination :

Mr. Mixon: Mr. White, I will ask you what business you have been engaged in solely since going into business, since leaving school?

Mr. White: Oh, well, of course up to the time the Liberty-White Railroad was built, and since, my business has been entirely with the operation and management of the Liberty-White Railroad.

Mr. Mixon: Have you ever been connected in any official capacity or active employment with the J. J. White Lumber Company?

Mr. White: No, sir; I have not been in active employment of any kind with Mr. J. J. White.

Mr. Mixon: Have you ever studied the lumber business with a view of engaging in its manufacture?

Mr. White: No, sir, I know no more of the manufacture of lum-

ber than any one not at all familiar with it.

Mr. Mixon: I will ask you, if upon leaving school and the commencement of the construction of the Liberty-White Railroad Company, did you begin to devote your entire time to 4000 the railroad business, and railroad operations?

Mr. White: Yes, sir.

Mr. Mixon: I will ask you if you attend meetings of railway officials?

Mr. White: Yes, sir, I do.

Mr. Mixon: I will ask you what railroad association you are a member of?

Mr. White: Well, that is all stated in our exhibit No. 1.

Mr. Mixon: I will ask you if other railroads on application or otherwise, grant you transportation as a railroad president? Mr. White: Yes, sir; I have never since my connection with the

Liberty-White Railroad Company been considered any other than a railroad man.

Examiner Boyle: Did they also grant transportation to your pre-

decessor?

Mr. White: No, sir; Mr. J. J. White who was formerly president of the Liberty-White Railroad Company, and who owns the J. J. White Lumber Company interests, never travelled on a pass of any kind.

4001 Examiner Boyle: Did he have a pass?

Mr. White: No, sir; I mean Interstate passes; of course, on some of these small local railroads he may have probably; I

can't say as to that.

Mr. Mixon: Now, Mr. White, I will ask you if, prior to the organization of the Liberty-White Railroad, which you have stated Mr. J. J. White owned and operated, as a logging road, were they ever operated as common carriers?

Mr. White: No, sir.

Mr. Gutheim: You mean that the common carrier operations never started until you went west of Liberty?

Mr. Mixon: Yes, sir.

Mr. Mixon: You stated awhile ago that the timber had been practically all cut over from Glading to Liberty, and that that was a farming country; is not that the fact also from Irene to Liberty. that there is practically no timber shipped from Irene; that the J. J. White Lumber Company had cut the timber.

Mr. White: Well, of course in answering that question, I had particular reference to the new construction from Glading to Liberty. But it is a fact, that at the time of the

building of the Liberty-White Railroad the timber had not only been cut out from Irene to Liberty, but it had been cut practically from McComb to Liberty.

Mr. Mixon: I will ask you to state whether the organization and the beginning of operations of the Liberty-White Railroad was proposed for the aid and assistance of the J. J. White Lumber Com-

Mr. White: Of course, the J. J. White Lumber Company was

not in existence at the time, as a lumber proposition-

Mr. Mixon: I mean, was it proposed as a lumber proposition, or as a railroad proposition?

Mr. White: Entirely as a railroad proposition.

Mr. Mixon: I will ask you whether or not there has been a survey from New Holmesville to Tylertown-I believe you said there had.

Mr. White: Yes, sir.

Mr. Mixon: That has been recently?

Mr. White: Yes, sir, it has been recently made.

Mr. Mixon: Was it not made prior to any knowledge of this hearing?

Mr. White: Yes, sir; it was made prior to any knowl-4003 edge of this hearing; when I say recently, I say it has been made within the last year.

Mr. Gutheim: Do you know of any effort being made to finance any part of the new construction?

Mr. White: Yes, sir; efforts have been made, and considerable

of the right-of-way has been obtained.

Mr. Gutheim: That will give you a connection with the New Orleans & Great Northern?

Mr. White: Yes, sir.

Mr. Gutheim: And also your connection with the Illinois Central Railroad which you already have?

Mr. White: Yes, sir.

Mr. Mixon: I would ask you, Mr. White, if the abolition of these divisions—these joint or through rates—whether or not that would tend to cripple your railroad proposition, or tend to retard it in its development of the country?

Mr. White: Yes, sir; there could be no doubt of that. Examiner Boyle: What is the proportion of traffic that 4004 moves on the joint rates, as compared with that which moves on the combination rates?

Mr. White: Could you give the exact proportions.

Examiner Boyle: Will you show that in the statement which you are to file?

Mr. White: Yes, sir.

Mr. Mixon: Mr. White, here is another question: You spoke about carloads of logs for the several milling companies or individuals on your line, further out on a basis of five dollars per car; upon what grounds did you make the basis of five dollars per car?

Mr. White: It is based on an arbitrary, or a participation in the

shipments.

Examiner Boyle: Mr. White, if the joint through rates were cancelled, and divisions with your line were cancelled, would there be any likelihood of a petition for reduction on the rates from junction points to final destination?

Mr. White: A petition for reduction of rate?

Examiner Boyle: Yes, or an application for reduction.

Mr. White: From whom? 4005

Examiner Boyle: From the industries on your line, or from any one at all.

Mr. White: Well, we are likely to get a petition for a reduction

in rates at any time.

Examiner Boyle: I don't mean the rates on your own road, but would there be any application for reduction of rates from junction points; that would leave the situation one whereby you would charge your own local rate up to the junction point, plus the other

Mr. White: Well, of course, if we were not enabled on shipments, for instance, originating at points out on our line, if we were not able to get these divisions out of the McComb rate it would be necessary in the actual operation of the proposition to raise our rates and naturally our shippers would be dissatisfied, of coure, as to what action they might take, I cannot say.

Mr. Mixon: Have you a rate for logging purposes where you do not participate in the arbitraries, but par-

ticipate in the joint rate?

Mr. White: Yes, we have a published rate as shown in our tariff on file with the Commission, which is ten dollars per car applying on logs hauled from points beyond our line in which we do not participate in any way in the re-haul or re-shipment of joint rate.

Examiner Boyle: Your road then, you say, would be under a disadvantage if the joint through rates were cancelled, and you

were left only to charge your locals to junctions?

Mr. White: I don't think there would be any doubt about that

as a general proposition.

Examiner Boyle: But you are not operating just along that situation; that is, you charge in some instances, local rates up to june-

tion points.

4007

Mr. White: As I said, on classes the joint rate is made up by a combination of locals, but there are a great many commodities, which is heavy tonnage, such as the lumber business or logging business on which there are joint rates; in some instances the

same as the junction rate, and in other instances the same as the junction rate, out of which we get a division

Examiner Boyle: I think we won't go into that any further. I think your statement will show just the commodities moving on this combination of rates, and the commodities moving under the joint through rate?

Mr. White: Yes, sir.

Mr. Mixon: I would like for you to give approximately the cost of the depot at McComb—the cost of construction.

Mr. White: Well, I don't remember the exact cost of that depot.

Examiner Boyle: Give it approximately.

Mr. White: About twenty-five hundred dollars, Mr. Mixon: And the one at New Holmesville?

Mr. White: The depot at New Holmesville would run from fifteen hundred to eighteen hundred dollars: that is simply the cost of construction, and it would be alike on the depot at Glading, Robinson and Marshallton; the depot at Liberty, is similar to the structure at McComb.

Mr. Mixon: It cost about twenty-five hundred dollars?

4008 Mr. White: Yes, sir.

Mr. Mixon: And at those places you maintain permanent agents who devote their entire time to the business of the railroad?

Mr. White: Yes, sir; that has been brought out

Mr. Mixon: And you also stated that your employees are not employed by the J. J. White Lumber Company?

Mr. White: Absolutely none.

Mr. Mixon: In regard to the indebtedness of the J. J. White Lumber Company for the construction of your line of railroad east of McComb, I will ask you to state what was the understanding at the time that Mr. J. J. White advanced this money?

Mr. White: The understanding is, that Mr. J. J. White will take this indebtedness to him in stock, and of course, it will be distributed among his children as has been done with his other stocks.

Mr. Mixon: Mr. J. J. White is about eighty years old?

Mr. White: Yes, sir.

Mr. Mixon: And has retired from active business?

Mr. White: Yes, sir.

Mr. Mixon: And owns no other industries, other than 4009 stock in other industries which he owned?

Mr. White: He did own a controlling interest in these other industries, up to the time be distributed his stock among his children. Mr. Mixon: At one time he owned an interest in a cotton mill?

Mr. White: A controlling interest, yes, sir. Mr. Mixon: Who owned that cotton mill?

Mr. White: Mr. J. J. White Jr.

Mr. Mixon: A son of J. J. White Sr.? Mr. White: Yes, sir.

Mr. Mixon: Did he have any connection with the lumber company?

Mr. White: No. sir.

Mr. Mixon: That cotton mill has been sold?

Mr. White: Yes, sir.

Mr. Mixon: Now, you have testified you were engaged in the railroad business?

Mr. White: Yes, sir.
Mr. Mixon: Your other brother in the cotton mill business?

Mr. White: One of them.

Mr. Mixon: How many other brothers have you? 4010 Mr. White: I have one other brother.

Mr. Mixon: There are three boys?

Mr. White: Yes, sir.

Mr. Mixon: And the third brother; what business was he engaged in?

Mr. White: He is in active charge of the J. J. White Lumber

Mr. Mixon: I will ask you if you have been instrumental in promoting any business enterprises or anything like that along your line of road?

Mr. White: Yes, sir; we have a regularly organized land and industrial department, devoted at this time to the establishment of

small farmers on the line.

Mr. Mixon: That is stated in exhibit No. 1. I will ask you if you are individually or personally connected with any business enterprises at Liberty. Are you not the president of the bank

Mr. White: I am president of the Liberty bank, yes, sir.

Mr. Mixon: Was that bank organized after the Liberty-White Railroad was built?

Mr. White: That bank was commenced with the construc-4011 tion of road to Liberty.

Mr. Mixon: In contemplation of the road being constructed through?

Mr. White: Yes, sir.

Mr. Mixon: Had there been a bank there before?

Mr. White: Not to my knowledge.

Mr. Mixon: The town is 117 years old; is there anything else you want to state?

Mr. White: Nothing, except I would like to file as an exhibit our time-tables, and rate sheets and time sheets, from the beginning of the operation.

Examiner Boyle: They will be received and filed.

Thereupon, the Time-tables, etc., so offered and identified, were received in evidence, and marked "Defendant'- Exhibit L-B-3" received in evidence December 15th 1910, page 48, and are attached hereto.

Mr. Mixon: Can you sell tickets from any point on your line to

other points-interstate points?

Mr. White: We sell inter-line tickets from any of our agency stations to points on other lines, and check their baggage actordingly, and in turn tickets are sold from points on other roads to points on our road, and baggage is checked accordingly. We also issue a mileage book by order of the Mississippi Railroad Commission—joint mileage book—and issue our own individual mileage books.

Mr. Mixon: Do you pay a privilege tax as a railroad exclusively

as such, in Mississippi?

Mr. White: Yes, sir, we pay a privilege tax of ten dollars per mile.

Mr. Mixon: Are you assessed by the Mississippi Railroad Commission?

Mr. White: Yes, sir.

Mr. Mixon: Have you ever been sued as a railroad company?

Mr. White: Yes, sir; a number of times.

Whereupon, at 12:30 O'clock P. M., on the 15th day of December, 1910, the hearing of the above entitled matter was closed.

Recess was taken at 12:30 o'clock until 2 O'clock P. M.

4013

After Recess.

New Orleans, Louisiana, December 15, 1910—2:15 p. m.

Zwolle & Eastern Railroad Co.

Examiner Boyle: We will now take up the case of the Zwolle & Eastern Railroad,

C. W. Torney, was called as a witness, and being duly sworn, testified as follows:

Examination:

By Mr. Gutheim: Where do you live?

Mr. Torney: At Zwolle, Louisiana.

Mr. Gutheim: What is your occupation?

Mr. Torney: Agent of the Zwolle & Eastern Railroad.

Mr. Gutheim: Just where is that located?

Mr. Torney: Sabine parish.

Mr. Gutheim: And it has a junction with what other line?

Mr. Torney: With the Kansas City Southern Railroad Company. Mr. Gutheim: It runs from the Kansas City Southern 4014 Railroad, west?

Mr. Torney: Yes, sir.

Mr. Gutheim: In the direction of Blue Lake?

Mr. Torney: Yes.

Mr. Gutheim: Which is the terminus, and what is named as Blue Lake Station.

Mr. Torney: Yes, sir; Blue Lake Station.

Mr. Gutheim: Just what is there at Blue Lake station?

Mr. Torney: There is a "Y," where the products are received for

transportation.

Mr. Gutheim: The "Y"-in other words, Blue Lake station is the location temporarily of the logging operations of the Sabine Lumber Company?

Mr. Torney: No, sir.

Mr. Gutheim: Are your logging operations on beyond Blue Lake? Mr. Torney: No, sir, at the present time they are several miles this side.

Mr. Gutheim: This timber up to Blue Lake is cut out?

Mr. Torney: Yes, sir, the pine timber is.

Mr. Gutheim: You have no other connection, except with 4015 the Kansas City Southern Railroad Company?

Mr. Torney: No, sir.

Mr. Gutheim: What is there along the line of the Zwolle & Eastern Railroad going west from Zwolle in the line of community?

Mr. Torney: Well, there is a station known as Gibson; one mile from Gibson is the Hull, Gibson & Driver Company, manufacturers of hardwood.

Mr. Gutheim: They have a hardwood mill there?

Mr. Torney: Yes, sir, at a point one mile from Zwolle; then six miles from Zwolle is a station known as Red, the camps of the Sabine Lumber Company, and near the station at Blue Lake is the camp of the Hull, Gibson & Driver Company.

Mr. Gutheim: This Hull, Gibson & Driver Company is taking out

the hardwood?

Mr. Torney: Yes, sir.

Mr. Gutheim: It is cut and taken down to the mill at Gibson?

Mr. Torney: Yes, sir.

Mr. Gutheim: The pine is being taken out at the camp of the Sabine Lumber Company, and taken down to the mill of 4016 the Sabine Lumber Company at Zwolle?

Mr. Torney: In their camp-

Mr. Gutheim: The mill of the Sabine Lumber Company is at Zwolle, is it not?

Mr. Torney: Yes, sir.

Mr. Gutheim: Does all of the timber that is being milled at Gibson, by the Hull, Gibson & Driver people, come off the holdings of the Sabine Lumber Company?

Mr. Torney: No, sir.

Mr. Gutheim: Is the hardwood that still remains—has that been sold to them on the stump?

Mr. Torney: Only a small portion of the hardwood in that sec-

tion has ever belonged to the Sabine Lumber Company.

Mr. Gutheim: Well, what is the community at Gibson. Is it simply a community of ordinary dwellings, and the erection of the hardwood mill, or was it there before the mill was there?

Mr. Torney: Yes, sir, practically the dwellings of the hardwood

Mr. Gutheim: Is there a Post Office there, or are they dependent upon Zwolle?

4017 Mr. Torney: They depend on Zwolle.

Mr. Gutheim: The community at the logging establishments of the Sabine Lumber Company is merely a temporary community that goes along with the logging operations?

Mr. Torney: Yes, sir.

Mr. Gutheim: And what is the community at Blue Lake?

Mr. Torney: It is practically the same as at the railroad, and at the hardwood camp.

Mr. Gutheim: Are there any farms along the line of the railroad? Mr. Torney: Yes, sir.

Mr. Gutheim: Do they conduct extensive operations in so far as they deliver products to your line for shipment, or receive shipments over your line?

Mr. Torney: Yes, sir, it is an extensive business to some extent. Mr. Gutheim: Merely in connection with what comes to your line?

Mr. Torney: Yes, sir.

Mr. Gutheim: About when was the Zwolle & Eastern Railroad built?

4018 Mr. Torney: I have been connected with the road only for a short time-something over two years.

Mr. Gutheim: It was built before that time?

Mr. Torney: Yes, I have endeavored to obtain that information. and as well as I can find out, the road was organized in connection with the Sabine Lumber Company, or by the Sabine Lumber Company about 1899.

Mr. Gutheim: And the road was built practically contemporaneously, or started with the erection and beginning of operations

by the mill?

Mr Torney: Either by them or by their predecessors.

Mr Gutheim: That is to say, it was practically one operation at the start?

Mr. Torney: Yes, sir, at the beginning.

Mr. Gutheim: Was it separate-y incorporated from the beginning?

Mr. Torney: No, sir.

Mr. Gutheim: When was it incorporated?

Mr Torney: In 1904.

Mr. Gutheim: And upon incorporation, the property was 4019 taken over from the Sabine Lumber Company, I take it? Mr. Torney: Yes, sir.

Mr. Gutheim: What consideration was given to the Sabine Lumber Company by the Zwolle & Eastern Railroad Company for the railroad property?

Mr. Torney: Somewhere between ninety and one hundred thou-

sand dollars.

Mr. Gutheim: Cash or stock?

Mr. Torney: Part cash, and the balance was on demand.

Mr. Gutheim: Well, at the beginning the lumber company either put up the money or built the railroad, or else built the railroad itself as part of its logging operations?

Mr. Torney: Yes, sir.

Mr. Gutheim: And by its sale of the railroad to the corporation. was there merely a transfer of the securities of the railway company to the lumber company, together with a note for the balance?

Mr. Torney: I am not certain about that transfer.

Mr. Gutheim: Well, at the present time, does the Sabine Lumber Company own any security of the railroad company, or do the stockholders of the Sabine Lumber Company own the securities, or a majority of the securities of the Zwolle & Eastern Railroad Co.?

Mr. Torney: Since the incorporation of the Zwolle & Eastern Railroad Company it has paid out its obligations to the Sabine Lumber Company.

Mr. Gutheim: So that the only outstanding indebtedness now, is

represented by the stock?

Mr. Torney: The stock has also been paid off.

Mr. Gutheim: Paid off by the lumber company, but it is held by the lumber company, is that a fact?

Mr. Torney: No, sir.

Mr. Gutheim: Do you mean there is no stock outstanding?

Mr. Torney: It is in the hands of the owners.

Mr. Zwiebold: The stockholders of the Sabine Lumber Company are identical with the exception of one with the stockholders of the Zwolle & Eastern Railroad Company—a small portion of stock only.

Mr. Torney: Something like two hundred-the amount of stock

that is not held.

Mr. Zwiebold: The amount of railroad stock is held in proportion to that?

Mr. Gutheim: That is held by a stockholder not interested 4021 in the Sabine Lumber Company?

Mr. Torney: It is two hundred dollars.

Mr. Gutheim: Now, at the present time, do the same individuals hold the same official relations to both the Sabine Lumber Company, and the Zwolle & Eastern Railroad Company?

Mr. Torney: I believe so.

Mr. Gutheim: And the operation of the railroad company is looked after by the mill superintendent?

Mr. Torney: The mill has a manager, and the railroad company

has a superintendent.

Mr. Gutheim: Does the railroad superintendent devote all of his

time to the railroad, or does he also act in a supervising capacity for the lumber company?

Mr. Torney: He has duties attached to the lumber company.

Mr. Gutheim: Woods superintendent?

Mr. Torney: Yes, sir.

Examiner Boyle: Who pays his salary?

Mr. Torney: The railroad pays a proportion, approximately, that he devotes to the time of the railroad duties.

Examiner Boyle: How much time does he devote-what 4022 proportion to the lumber company, and what proportion to the railroad company?

Mr. Torney: I think approximately half and half.

Mr. Gutheim: How many miles of main line are there?

Mr. Torney: Thirteen.

Mr. Gutheim: And of spurs and sidings?

Mr. Torney: About four miles.

Mr. Gutheim: Is it all standard gauge?

Mr. Torney: Yes, sir.

Mr. Gutheim: What is the weight of rail?

Mr. Torney: Some thirty-five, and some forty-five pounds.

Mr. Gutheim: Is the road ballasted with anything but the natural ballast of that section?

Mr. Torney: No. sir.

Mr. Gutheim: Are there any bridges to speak of?

Mr. Torney: Yes, there is one bridge, which is, I should judge about three-eighths of a mile in length.

Mr. Gutheim: Is there much of a grade?

Mr. Torney: No grades; no grade at all.

4023 Mr. Gutheim: Have you any station buildings along the line?

Mr. Torney: No. sir.

Mr. Gutheim: What is there at Zwolle; a joint building with the

Kansas City Southern Railway?

Mr. Torney: No. sir, the building of the Sabine Lumber Company is occupied by the Zwolle & Eastern Railroad Company's busi-

Mr. Gutheim: How much equipment have you-locomotive and cars?

Mr. Torney: Three locomotives, between fifty and sixty logging cars, one box car, and one combination passenger and baggage car.

Mr. Gutheim: Are you using that passenger car in regular pas-

senger service?

Mr. Torney: Yes, sir.

Mr. Gutheim: I take it that the logging cars are not equipped with air brakes?

Mr. Torney: No, sir.

Mr. Gutheim: Are the trains run on regular schedule?

Mr. Torney: Yes, sir.

Mr. Gutheim: Are they dispatched by telegraph or tele-4024 phone?

Mr. Torney: No. sir.

Mr. Gutheim: Is your equipment all owned, or part leased from the lumber company?

Mr. Torney: It is all owned by the railroad company.

Mr. Gutheim: Do you lease any of it to the lumber company for its operations?

Mr. Torney: No, sir.

Mr. Gutheim: Who conducts the operations on the logging spurs; the Sabine Lumber Company?

Mr. Torney: The railroad company; the Sabine Lumber Company owns no logging spurs.

Mr. Gutheim: It owns no locomotives and cars?

Mr. Torney: No, sir.

Mr. Gutheim: It owns no rail equipment?

Mr. Torney: No, sir.

Mr. Gutheim: These logging spurs—the material for the equipment of the logging spurs is owned by the Zwolle & Eastern Railroad Company?

Mr. Torney: Yes, sir.

4025 Mr. Gutheim: Who constructs the logging spurs and tracks over which your company transports the logs down to the mill?

Mr. Torney: The Zwolle & Eastern Railroad.

Mr. Gutheim: What compensation does the Zwolle & Eastern Railroad get for that service?

Mr. Torney: It handles the rough and finished product of the

enterprise. Mr. Gutheim: You mean it gets one hundred per cent of the product of the Sabine Lumber Company?

Mr. Torney: Yes, sir.

Mr. Gutheim: Do you have any station employees at Zwolle? Mr. Torney: Yes, sir.

Mr. Gutheim: Is he employed jointly with the lumber company there?

Mr. Tarney: Yes, he is a joint employee.

Mr. Gutheim: Does the railroad maintain a regular railroad crew. or are all employees of the lumber company?

Mr. Torney: Regular railroad crews.

Mr. Gutheim: How may men in a crew?

Mr. Torney: One crew of about five men, and another crew

of from eight to ten men. 4026

Mr. Gutheim: Are the train employees solely railroad men, or do they also perform lumber services in the freight department?

Mr. Torney: Railroad men only.

Mr. Gutheim: The general office employees are all men connected with the lumber company?

Mr. Torney: With the exception of the men in the woods.

Mr. Gutheim: Are they joint with the Kansas City Southern Railway?

Mr. Torney: No, sir.

Mr. Gutheim: How many men have you in the general office who devote their entire time to the railroad company's service?

Mr. Torney: None of them.

Mr. Gutheim: You have just said with the exception of the freight men, in answer to a question as to whether the general office employees were all general with the lumber company. Do you have any men in the general office who perform nothing but railroad service, or do they all act jointly with the railroad company, and

the lumber company, performing services for both?

4027 Mr. Torney: All of the employees at Zwolle are in the general offices, performing services for both the railroad company and the lumber company.

Mr. Gutheim: And their compensation is divided between both

companies?

Mr. Torney: Yes, sir.

Mr. Gutheim: Are they paid direct by both companies, or does the lumber company pay the entire charge, and charge a portion to the railroad company?

Mr. Torney: Some are paid direct, and some are handled the other

way.

Mr. Gutheim: Your passenger service is all on mixed trains? Mr. Torney: Yes, sir.

Mr. Gutheim: Is there any Sunday service?

Mr. Torney: No. sir.

Mr. Gutheim: You stated that the trains run on regular schedules?

Mr. Torney: Yes, sir.

Mr. Gutheim: Are there any published time-tables, other than in the official guide?

4028 Mr. Tarney: I did not know that our time table was published in the official guide.

Mr. Gutheim: Are there general time tables published? Mr. Torney: Yes, sir; we have a local time table. Mr. Gutheim: How many trains do you run daily?

Mr. Torney: Two trains each way.

Mr. Gutheim: Do they connect with the Kansas City Southern Railway Company?

Mr. Torney: Yes, sir.

Mr. Gutheim: About how many carloads do you handle out of the woods with your logging train in one train?

Mr. Torney: Eighteen cars is considered a full train. Mr. Gutheim: Do you carry any United States mail?

Mr. Torney: No, sir.

Mr. Gutheim: Have you any express service?

Mr. Torney: No, sir.

Mr. Gutheim: About how much does your passenger traffic amount to?

Mr. Torney: About sixty dollars per month.

Mr. Gutheim: How many passengers, about, does that 4029 mean?

Mr. Torney: About two hundred.

Mr. Gutheim: Is that passenger traffic done on a regular ticket basis, or is it all done on the basis of cash fares?

Mr. Torney: We have two ticket agencies that sell tickets; and parties boarding the trains at other points pay cash fares.

Mr. Gutheim: One of the agents of course, is at Zwolle; where is

the other?

Mr. Torney: At Red.

Mr. Gutheim: That is a point beyond Blue Lake?

Mr. Torney: No, sir; it is the point where the Sabine Lumber Company camps are located.

Mr. Gutheim: There is no passenger traffic to speak of beyond

Red?

Mr. Torney: Yes, sir, there is some little passenger traffic beyond there.

Mr. Gutheim: At this point, Mr. Zweibold, the Commission would ask you to furnish a statement showing the gross tonnage, the gross revenue for the fiscal year ending June 30th 1910, divided between

the gross tonnage, and the gross revenue accruing on business
4030 of Sabine Lumber Company, including forest products, and
merchandise for its commissary, if any; and the tonnage and
revenue accruing on the other business of the general public.

Mr. Zwiebold: Mr. Torney has those figures.

Mr. Gutheim: If he has them, they may be submitted now,

Examiner Boyle: They may be submitted regularly. You understand that you are to submit this information.

Mr. Torney: Yes, sir.

Mr. Gutheim; Something over ninety-five per cent of the total tonnage is handled for the Sabine Lumber Company?

Mr. Torney: No, sir.

Mr. Gutheim: You say "no, sir"; about what percentage is han-

dled for the Sabine Lumber Company?

Mr. Torney: Approximately seventy per cent; and the greater part of the balance is the business of the Hull, Gibson & Driver people—hardwood timber, going down to the hardwood lumber mill, and coming from Gibson over to the Kansas City Southern Railway—the greater portion of the remaining thirty per cent

-the greater portion of the remaining thirty per cent.

4031 Mr. Gutheim: And that hardwood timber as a matter of fact, about all of it comes from cut-over lands of the Sabine Lumber Company?

Mr. Torney: No, sir.

Mr. Gutheim: A good part of it does?

Mr. Torney: No, sir.

Mr. Gutheim: I believe you said you left your hardwood timber there when you operated at Blue Lake.

Mr. Torney: We own two hundred and forty acres of hardwood

timber.

Mr. Gutheim: Do you mean that the Hull, Driver & Gibson people is cutting off of its own holdings?

Mr. Torney: Yes, sir.

Mr. Gutheim: Is there any pine on those holdings?

Mr. Torney: None that I know of.

Mr. Gutheim: Is there any relation that you know of between the Hull, Gibson & Driver Company and the Sabine Lumber Company?
Mr. Torney: No. sir.

Mr. Gutheim: Do you publish any local tariffs?

Mr. Torney: Yes, sir.

Mr. Gutheim: Do you file them with the Interstate Commerce Commission.

4032 Mr. Torney: I take it for granted that they are.

Mr. Frazer: They are filed with the Louisiana Rail-Road Commission?

Mr. Gutheim: You may submit those.

Mr. Gutheim: You are a party to the various tariffs published by the Kansas City Southern Railway Company?

Mr. Torney: To some of them.

Mr. Gutheim: You are a party of course to the rate on lumber, and articles taking rates?

Mr. Torney: I think we are.

Mr. Gutheim: Do you have joint rates on classes and commodities with the Kansas City Southern Railway?

Mr. Torney: No. sir.

Mr. Gutheim: That is, everything except forest products moves on a combination of locals?

Mr. Torney: Yes, sir.

Mr. Gutheim: What division do you get out of the rates from Zwolle out of forest products, I mean?

Mr. Torney: Here are the division sheets.

Mr. Gutheim: Will you file with the Commission the division sheets showing the divisions allowed your line?

4033 Mr. Torney: Yes, sir. I want also to file the Time-Tables which I showed you a minute ago.

Mr. Gutheim: Very well.

The time tables so offered and identified, were received in evidence, and thereupon marked "Defendant's Exhibit 1", received in evidence December 15, 1910, page 21, and is attached hereto.

And the division sheets, so offered and identified were received in evidence, and thereupon marked "Defendant's Exhibit No. 2", received in evidence December 15, 1910, page 21 and are attached hereto.

Mr. Gutheim: Will you indicate the general run of divisions in cents per 100 pounds that accrue to your line?

Mr. Torney: From nothing to four cents per one hundred pounds.

Mr. Gutheim: And the average division per one hundred pounds would be about what?

Mr. Torney: I would judge it would be about one and a half or one and three-quarter cents.

4034 Examiner Boyle: On what shipments do you get nothing; is that shown in your division sheet?

Mr. Tor-ey: Yes, sir.

Mr. Gutheim: Are these divisions to your road made on a Milling and transit basis?

Mr. Torney: I understand so.

Mr. Gutheim: So that on the basis of service performed by the Zwolle & Eastern Railroad for the average division of one and threequarter cents, it is a log haul from a point known as Red at the present time, to the mill at Zwolle, who takes care of the lumber haul from the mill at Zwolle to the Kansas City Southern Railroad.

Mr. Torney: The Zwolle & Eastern Railway handles part of it, and furnishes the loading track where the balance of it is loaded.

Mr. Gutheim: How much of a haul does the Zwolle & Eastern Railroad perform on the portion that it handles?

Mr. Torney: Approximately half a mile.

Mr. Gutheim: Can you say what proportion it does so handle?
Mr. Torney: As a rule, I should judge approximately
4035 twelve per cent of the Sabine Lumber Company's shipments.
Mr. Gutheim: Now, does the Zwolle & Eastern Railway

handle logs for the Hardwood Lumber Company?

Mr. Torney: Yes, sir.

Mr. Gutheim: And what charge does it make for that haul? Mr. Torney: Two dollars per one thousand feet, log scale.

Mr. Gutheim: Well, do the rates on hardwood lumber apply from Gibson on the milling and transit basis?

Mr. Torney: Yes, sir.

Mr. Gutheim: And notwithstanding that, you make a charge for the log haul in case the Hardwood Lumber Company, but made no charge against the Sabine Lumber Company in the case of pine?

Mr. Torney: I do not remember having so stated.

Mr. Gutheim: I understand you to say that no charge was made for the local log haul performed for the Sabine Lumber Company?

Mr. Torney: If I said so, it was not correct.

Mr. Zwiebold: What the witness said was, there was no separate charge for services on moving the logs which were being loaded up out on the spurs, but not on main line; that was included with the charge for carriage from the spur to the main line.

Examiner Boyle: What Mr. Zwiebold says is correct, Mr. Torney,

is it not?

Mr. Torney: Yes, sir; that there is a charge on hauling the pine

logs to the mill.

Mr. Gutheim: Now I would like to ascertain the total outstanding capital stock that is applicable to the cost of the construction, and to equipment on the thirteen miles of main line, and the four miles of spurs and sidings of the Zwolle & Eastern Railroad?

Mr. Torney: I don't quite understand that question.

Mr. Gutheim: What is the outstanding capital stock at the present time?

Mr. Torney: I don't understand that; I understand the meaning of the word "outstanding" to be—

Mr. Gutheim: What is the amount of capital stock that is in the

hands of the stockholders?

Mr. Zwiebold: In the certified copy of the articles of incorporation of the Zwolle & Eastern Railroad on file, showing the capital stock to be twenty thousand dollars.

Mr. Gutheim: Is that all outstanding?

Mr. Zwiebold: Yes, the stock is at a large premium, because the plant is worth much more.

Mr. Gutheim: I understand you to say that the depth of the rail road company to the lumber company had all been paid out?

Mr. Torney: Yes, sir.

Mr. Gutheim: So that at the present time the only indebtedness

is this twenty thousand dollars of the capital stock?

Mr. Zwiebold: That is a fact; there is only twenty thousand dollars of capital stock. Originally the consideration for the transfer was something like ninety-five thousand dollars, of which twenty thousand dollars was paid by capital stock issued, and for the balance, there was a debt which has since been paid, of seventy-five thousand dollars. Why they are carrying it on such a small capital stock is the constant of the const

talization, is something I don't know. The stock is at sev-

4038 eral times the premium.

Mr. Gutheim: The general offices of the road are at Zwolle?

Mr. Torney: Yes, sir.

Mr. Gutheim: You are complying with the Federal laws as to safety appliances, accident reports, and all that?

Mr. Torney: Yes, sir, with the exception of the safety appliances

which as I understand it do not apply to our equipment.

Mr. Gutheim: Does the road pay dividends, or has it paid dividends?

Mr. Torney: No, sir.

Mr. Gutheim: The surplus I take it has been applied from time to time in settlement of this debt, which was due to the lumber company?

Mr. Torney: Yes, sir.

Mr. Gutheim: When was the last of that debt paid?

Mr. Torncy: I am not certain; but I think it was only about two years ago.

4039 Mr. Gutheim: Since the payment of that debt, has there been a reduction in the rate of the log haul?

Mr. Torney: No. 81

Mr. Gutheim: Do any of the general officers of the Zwolle & Eastern Railroad company receive salaries?

Mr. Torney: Yes, sir.

Mr. Gutheim: What salaries are paid to them, and to whom?

Mr. Torney: The secretary and treasurer receives, I think, twenty-five dollars, per month; the auditor receives twenty-five dollars per month; the timekeeper receives twenty-five dollars per month, and the general passenger and freight agent receives ten dollars per month.

Mr. Gutheim: In view of the fact that the debt due to the Sabine Lumber Company upon the construction of the road has been entirely wiped out, and that the outstanding indebtedness up to the present time consists only of twenty thousand dollars of stock, will you say if it is not a fact that the timber holdings of the Sabine Lumber Com-

pany in and about Zwolle, are pretty nearly cut out?

4040 Mr. Torney: No, sir.

Mr. Gutheim: They are not?

Mr. Torney: No, sir.

Mr. Zwiebold: What length of time have you, about, to continue

Mr. Torney: I should say about four to five years on that.

Mr. Zwiebold: How much has the Hull, Driver & Gibson Company to cut?

Mr. Torney: Five to six years yet. Mr. Zwiebold: Five to six years?

Mr. Torney: Yes, sir.

Mr. Zwiebold: Now, in addition to the service you rendered to the Sabine Lumber Company, and the Hull, Gibson & Driver Company, do you haul any other traffic? Mr. Torney: Yes, sir.

Mr. Zwiebold: What is it?

Mr. Torney: Any general freight that offers for transportation. Mr. Gutheim: That will appear on the statement, Mr. Zwiebold.

Mr. Torney: It is covered by ties, piling, staves, etc.

Mr. Zwiebold: Do you have bills of lading?

Mr. Torney: Yes, sir.

Mr. Zwiebold: And printed tickets? 4041

Mr. Torney: Yes, sir.

Mr. Zwiebold: Have you specimens with you? Mr. Torney: Yes, sir.

Mr. Zwiebold: Will you produce them?

Mr. Torney: Sure; here they are.

(The witness here produced a number of printed forms of bills of lading, way bills, expense bills, tickets, etc.)

Mr. Zwiebold: Indicate what you have in your hand there.

Mr. Torney: These are-

Examiner Boyle: Just get him to state what they are, Mr. Zwiehold.

Mr. Zwiebold: What are they?

Mr. Torney: Stationary of the Zwolle & Eastern Railroad, consisting of letterheads, blank checks, expense bills, bills of lading (uniform blanks).

Examiner Boyle: Uniform Bills of Lading?

Mr. Torney: Yes, sir, both straight and shippers' order notify. and export also; blank way bills, and tickets,

Examiner Boyle: Do you issue inter-line way bills?

Mr. Torney: No, sir. 4042

Examiner Boyle: How do you bill freight from these points on the Zwolle & Eastern Railroad to destinations beyond your line?

Mr. Torney: To the junction point.

Examiner Boyle: Locally? Mr. Torney: Yes, sir, locally.

Mr. Zwiebold: You also have printed forms of tickets as they are in use by your company?

Mr. Torney: Yes, sir.

Mr. Zwiebold: Look at this paper which I hand to you, and state what it is?

Mr. Torney: That is a blue print of the Zwolle & Eastern Railroad Company's main line,

Mr. Zwiebold: Showing the location of the stations, mills and etc.?

Mr. Torney: Yes, sir.

Mr. Zwiebold: And of the Hull, Gibson, Driver Company's mill?
Mr. Torney: Yes, sir.

1043 Mr. Zwiebold: And of the "Y" you spoke of?

Mr. Torney: Yes, sir.

Mr. Zwiebold: And also the proposed extension of the line under the charter into Texas, which is yet unbuilt?

Mr. Torney: Yes, sir.

Mr. Gutheim: Do you mean, Mr. Zwiebold, that you are going

to cross the Sabine River?

Mr. Zwiebold: Yes, that is what we intended to do, but we concluded that the bridge construction would be so terrific that it would not justify us in so doing.

Mr. Gutheim: I thought that was the situation of the Long-Belpeople, when they proposed to the Sante Fe to build down there.

Examiner Boyle: Do you issue through passenger tickets to points on your lines, and to points on other lines?

Mr. Torney: No, sir.

Examiner Boyle: You only issue local tickets from your various points up to the junction points?

Mr. Torney: Yes, sir,

The map so offered and identified, was received in evidence, and thereupon marked "Defendants' Exhibit No. 3," received in evidence December 15, 1910, Page 31, and is attached hereto.

Examiner Boyle: Are there any further witnesses?

Mr. Zwiebold: I have no further witnesses.

Mr. Frazer: The tariff sheet reference and division sheets, that is all in,

Whereupon, at the hour of 3 o'clock on the 15th day of December, 1910, the hearing of the above entitled matter was closed.

4045 The Blytheville, Leachville & Arkansas Southern Railroad Company.

New Orleans, Louisiana, December 15th, 1910—3 p. m.

Examiner Boyle: We will now take up the matter of the Blytheville, Leachville & Arkansas Southern Railroad Company; are you ready?

Mr. McClelland: Yes, sir.

R. L. McClelland was called as a witness, and having been duly sworn testified as follows:

Direct examination:

Examiner Boyle: What is your name, residence, and official connection with this road?

Mr. McClelland: R. L. McClelland, Chicago, Illinois, Traffic Manager of the Blytheville, Leachville & Arkansas Southern Railroad Company.

Examiner Boyle: How long have you been so? Mr. McClelland: Ever since it was organized.

Examiner Boyle: Just where does this particular railroad lie? McClelland: In Craighead County, Mr. Mississippi County, Arkansas, and Dunklin County, Missouri. 4046

Examiner Boyle: How long is it?

Mr. McClelland: Very close to fifty-two miles; fifty-one and a fraction miles.

Examiner Boyle: What main lines of railroads do you strike?

Mr. McClelland: We have three junction points.

Examiner Boyle: Where?

Mr. McClelland: At Leachville, Arkansas, we connect with the Frisco, and the Jonesborough, Lake City & Eastern Railroad; and at Jonesborough, with the Paragould Southeastern Railroad, which is a part of the Cotton Belt Line, and at Blytheville, with the St. Louis & San Francisco Railroad.

Examiner Boyle: What is that line of railroad at Leachville—at

Albard?

Mr. McClelland: That is the Frisco.

Examiner Boyle: Does your road operate over that? Mr. McClelland: We do.

Examiner Boyle: Do you lease that line? Mr. McClelland: We have a trackage privilege.

Mr. Gutheim: You said you had connection with the Frisco, and the Jonesborough, Lake City & Eastern Railroad, at what

4047 point?

Mr. McClelland: At Leachville; yes, sir. At this point, Mr. Examiner, if it is your pleasure, I could facilitate this hearing by giving the history of this company from the organization down to the present time.

Examiner Boyle: That is what we are after.

Mr. McClelland: Well, you can follow it from there. The Blytheville, Leachville & Arkansas Southern Railroad Company was incorporated in May, 1908, under the laws of the State of Arkansas as a common carrier. The capital stock is two hundred and fifty thousand dollars, of which one hundred and fifty thousand two hundred dollars was paid in, in cash. Shortly after this railroad was organized they purchased from the Chicago Mill & Lumber Company certain railroad properties in Mississippi County, Arkansas, together with the railroad equipment owned at that time by the Chicago Mill & Lumber Company.

The consideration of this purchase was one hundred and fifty thousand dollars, of which one hundred and twenty-six thousand dollars was right-of-way, rails and fastenings, and the balance was to

cover the purchase of personal property, rolling stock, engines.

4048 water tanks, etc.

The Chicago Mill & Lumber Company immediately ceased to operate any part of this railroad, and as I recall now, on June 27th, 1908, the railroad company started operations.

We have a line extending from Blytheville, Arkansas, in Mis-

sissippi County, to Glenco, and Littleton, Arkansas, that is a distance of approximately two and one-half miles from Glenco.

We have a line extending to a point called Chickasawba, Arkansas, where we connect with the Paragould Southeastern Railroad,

which is really a branch of the Cotton Belt system.

We have a branch road from the Paragould Southeastern Railroad to Arbyrd, Missouri, and from Arbyrd, Missouri, we have trackage rights to Leachville, Arkansas, over the Frisco system. At that point we connect with our own line, which extends in a general southern direction, a distance of about twenty miles, due south, and a trifle west.

We have joint through rates and through routes in connection with the Frisco system at Blytheville; with the Paragould 4049 Southeastern Railroad at Chickasawba, and with the Frisco

system at Leachville, Arkansas.

The divisions allowed our company on division "C" as provided

in through tariffs, is two cents per 100 pounds.

On all traffic we have milling in transit rates on our line. All of our rough material is brought into the milling point on local interstate rates, covered by tariff duly filed with the Interstate Commerce Commission. The receiver of the raw material can ship the manufactured product over any line that he may desire; there is no restriction whatever, with the exception of one producing point on our line, all of our stations are competitors with the Jonesborough, Lake City & Eastern Railroad, a short line independent road, but a line which has never been considered by the Commission as being a tap line or having any lumber affiliations.

Out of the divisions which we receive from the Frisco system, and the Paragoulld Southeastern Railroad which are the same as the divisions which are allowed to the Jonesborough, Lake City & East-

ern Railroad for performing the same identical service as

4050 we do in point of mileage and everything else.

We also have filed with the Railroad Commission of Arkansas, Arkansas local tariffs, covering purely State business which moves from points in Arkansas to points in Arkansas, involving intra-State movement.

We now have passenger service installed, which was inaugurated from Leachville to all points south of our line. We have four trains per day with passenger service, and the equipment which we utilize in giving this service, is gasoline motors, with passenger coach as a trailer. The passenger business that we now have is very limited, but we were compelled to inaugurate this service, due to the fact that we had been advised unofficially by the Arkansas Railroad Commission, that complaints had been filed, and that some action on our part was necessary.

Our trains at Leachville connect with the Frisco system passenger trains at that point, and also with the Jonesborough, Lake City

& Eastern Railroad passenger trains.

Our company has complied, ever since its incorporation with all the provisions of the Interstate Commission, or orders of the 4051 Commission in reference to accounting, in reference to safety appliances, and in reference to hours of labor. We have always been compelled to comply with the Arkansas law relative to equipping our locomotives with electric headlights,

and various other features which they insist upon.

We have exercised the right of eminent domain in one instance only. Our line owns its own right-of-way, much of which has been purchased at a very high price, especially in and about the town of Blytheville, Arkansas.

We have fifteen stations on our line, beginning at Blytheville, Chickasawba, Glenco, Littleton, Leachville, Clearwater, Springfield, Orr, Wallace, Rockey, Hancock, Wiedeman, Lepanto Junction, and

Shaw. All of which towns we serve.

The population of the city of Blytheville is five thousand. There are a number of industries—lumber industries in the town, among which are the American Handle Company, the Cord-Morrow Package Manufacturing Company, and the Blytheville Lumber Company.

Examiner Boyle: You say you serve Lepanto?

4052 Mr. McClelland: Lepanto Junction.

Examiner Boyle: Do you serve Lepanto?

Mr. McClelland: Lepanto Junction; Lepanto is further south. Examiner Boyle: You have not completed your line to Lepanto? Mr. McClelland: That is eighteen miles south. At Blytheville we now serve these industries which I have just named.

Our line does not reach these industries along; the foreign lines, the Frisco, Cotton Belt and Jonesborough, Lake City & Eastern, can

perform such service, and switch deliver to us.

The so-called community of interest in this case—the Chicago Mill & Lumber Company have no ownership, and are not represented in any way in any of these industries which I have named.

Examiner Boyle: State where the Chicago Mill & Lumber Com-

pany is located.

Mr. McClelland: At Glenco, Arkansas.

Examiner Boyle: And that is where there is a switch?

Mr. McClelland: No, sir, not yet. At Chickasawba we do not serve any of the industries, because there are none.

At Glenco, we serve a population of about two hundred, and that is the point where the Chicago Mill & Lumber Company's plant is located. At Littleton, we serve approximate- one hundred and fifty people, and at that point is located the mill of the Little Lumber Company, and the storage yards of the E. Sondheimer Lumber Company. We have no interest whatever in any form or fashion with the E. Sondheimer Lumber Company and the Little Lumber Company. In fact, they are competitors of the so-called community of interests,—the Chicago Mill & Lumber Company.

At Leachville, owing to our trackage contract which I will explain

in detail later, we have no industries.

At Clearwater, the first station south of Leachville, or close to that point, we serve the plant of the P. B. Cowan Saw Mill Company. In this industry we have no interest whatever. I am speaking now of the community of interests.

Proceeding on down the line, the next industry that we reach,

is located at Shaw, Arkansas. It is the plant of the Chap-4054 man-Dewey Lumber Company. The Chapman-Dewey Lumber Company owns very large holdings in and about the country through which we traverse, upwards of sixty thousand acres of land.

The Chicago Mill & Lumber Company,—our so-called community of interest,—owns approximately fifty thousand acres of land, which

can be served by this railroad.

In addition to these two owners, whom I have mentioned, the Boynton Land & Lumber Company also owns large tracts of land; and various other small holders whom I cannot now recall.

The community of interest is in no way connected with the Chapman-Dewey Lumber Company, nor with the Boynton Lumber Company, in fact they are competitors of the community of interest.

It is our intention to construct our line to the point which is now marked on the map called Truman. At Truman there is now being constructed a very large veneer and saw mill plant, which is owned by the same interests which owns the Singer Manufacturing Company—in other words, the Singer Sewing — Manufacturing

Company. I do not recall the name under which they are

4055 operating.

At Truman, most of the material which will be manufactured in this plant at Truman, is for their manufactury at Cairo, Illinois.

The interest of the Chapman-Dewey Company in this semi-raw material to Cairo, the Frisco Railroad con not serve the Singer's interests in this particular traffic, for the reason that they have no line to Cairo, and the nearest point which they reach to Cairo, is Thebes, Illinois, and the lines extending from Thebes to Cairo demand an arbitrary of three cents from Thebes, that, under ordinary conditions being the Ohio crossing rate, which is the same as Cairo; consequently the tonnage which we will soon be able to avail ourselves of after extending the line, can be carried by our line up to Poinsett, Craighead County, Arkansas, where it will be delivered to the Paragould Southeastern; this is part of the Cotton Belt system, and it can be built direct to Cairo, their line extending to that point, at a lesser rate than the Frisco can possibly carry it.

The line when first taken over by the Railroad Company, that is after it was purchased from the Chicago Mill & Lumber Com-4056 pany consisted of the following pieces of track; there was

about ten miles of track and right-of-way extending due south and west on the Jonesborough Lake City & Eastern Railroad, called Big Lake, Arkansas; this line of track extended a distance of a little over ten miles. They also had a piece of track extending due south from Leachville, extending a distance of about five miles. They also had a piece of track extending from Glenco, Arkansas, to Blytheville, altogether approximating seventeen or eighteen miles.

The track which was purchased, and the right-of-way which was purchased on the line extending south and west from Big Lake has since been abandoned. In fact it was the purpose of the railroad company immediately after purchasing the same, to take it up

and utilize it elsewhere, and there was a provision in the deed of transfer, which provided, that we were to secure—the railroad company was to secure the same area of right-of-way as bad been deeded to us on this Big Lake line; that has all bee taken up and abandoned, and the property reverted back to its original owner, and we have used the rail in extending our own line.

Our line is constructed practically, of fifty-six pound

4057 steel.

Our line is equipped with five locomotives, one Baldwin consolidated, 65-ton locomotive, three Rod engines of approximately thirty tons each, and one Shay improved engine of approximately forty tons; also one switch engine; we also have eighty-

Examiner Boyle: That makes six locomotives?

Mr. McClelland: We have got six—only five in commission, one is abandoned; it is beyond repair. I would like to make that correction.

We have eighty-six flat cars-standard flats, two caboose cars, one

box car and two coal cars.

The Examiner will please note on the map that on all business which we handle from points south of Leachville to Glenco, Littleton, Chickasawba, and Blytheville, that we perform a distinctly interstate service, from point of actual physical construction, and as I have previously explained, that movement is provided for by local Interstate tariff duly filed with the Interstate Commerce Commission.

At Glenco, we have a railroad track scale,—a standard Fairbank track scales, and we are members of the Western Rail-4058

way Weighing & Inspection Bureau, and have a duly sworn weigh master at that point, where all business destined to interstate points-and where all traffic destined to interstate points via the Paragould Southeastern Railroad, or Chickasawba, via the Frisco. or Blytheville is weighed.

At Leachville, we have no track scale, and the Frisco system performs the service of weighing. Corrections issued as is customary

between connecting carriers.

I would like to have the privilege of filing later as an exhibit, a statement showing the community of interest tonnage, and the outside tonnage etc. I have got figures here in the rough, but I want the figures to be absolutely correct-we will furnish that later.

Examiner Boyle: That would have been asked for anyhow, and

you will have that privilege.

Mr. McClelland: For the ten months from January 1st, 1910 to October 31st, 1910, the community of interest tonnage was 96.60

per cent, and the outside tonnage 3.40 per cent.

During the last ten months our outside tonnage in which we have no interest whatever has increased over the corresponding last year over 131 per cent, or at the rate of 157 per cent

This large increase is explained in this wise: When our line was first constructed, we did not reach the foreign tonnage producing port which we had in view when the railroad was incorporated; since that time, and particularly so during the last year. we have extended our road approximately sixteen miles.

Our line south of Leachville is built, or rather constructed on the line of survey which was originally made by the Frisco system.

You will note from the map that Leadville is the terminus of the Frisco system, and the Frisco system branches stop at Leachville, Arkansas.

The purpose at the time the Frisco made this survey, at my own solicitation, — to connect up their line from Leachville to Lepanto, Arkansas, which is shown on the map. Lepanto, Arkansas, is on what used to be known as the Tyronza & Central Railroad, which

is now part of the Frisco system. The Frisco system before
4060 making this survey, sent parties out, who made a very careful
investigation of the territory over which this line was proposed to be built and their reports were so flattering as to prospective
tonnage, that they immediately had a survey made of the line, and
an estimate of the cost was made. The Frisco system up to this time
fully intended to construct this line, but financial conditions came
about, which made it impossible for them to raise the money so

We received, as I have previously stated, two cents per 100 pounds as a division of the through rate on lumber and forest products, from all our connections, with the exception of the Jonesborough, Lake City & Eastern Railroad. This line finds it impossible to make a similar arrangement with us, for the simple reason that they were allowed by the Trunk lines the same divisions as we ourselves received.

Our line in handling the manufactured products through the interchange at Leachville, Arkansas, with the Frisco system, performs actual service on the manufactured product of approximately twenty miles.

At Blytheville our line performs a service of almost two and one half miles, and at Chickasawba a service of one and one-half miles; at Littleton, a service of approximately two miles, which we feel is compensation only commensurate with the service that we actually perform on the community shipments.

That is all, Mr. Examiner.

to do.

Mr. Gutheim: The mill of the Chicago Mill & Lumber Company is at Chickasawba?

Mr. McClellan: No. sir.

Mr. Gutheim: Where is it located? Mr. McClellan: At Glenco, Arkansas.

Mr. Gutheim: How much difference is there, geographically

speaking, between Chickasawba and Glenco?

Mr. McClellan: About one and one-half miles; that is Chickasawba on our road is over the route that we must travel in order to deliver the business to the Paragould Southeastern Railroad at Chickasawba.

Mr. Gutheim: Our record shows that the whole trackage of this road, in and about Glenco, Littleton, Chickasawba and Blytheville, is one and a half miles.

Mr. McClelland: That is incorrect.

Mr. Gutheim: What is the actual mileage?

Mr. McClelland: I think I gave you that out of my mind, 4062 but I wil give it to you absolutely correct. Glenco is 4,661 feet, and Blytheville, 4,911 feet.

Mr. Gutheim: That is the total trackage in feet in and about

that point?

Mr. McClelland: That makes it a little over two and one half miles?

Mr. Gutheim: No, is not 9,572 feet but one and three-quarter miles?

Mr. McClelland: I didn't say 9,572 feet?

Mr. Gutheim: You said 4,661 feet, and 4,911 feet.

Mr. McClelland: I beg your pardon, you are right; this two and one-half mileage-I didn't just catch you.

Mr. Gutheim: 4,661 refers to the mileage sheet?

Mr. McClellan: No, sir, to the mile. Mr. Gutheim: 46.61 miles, is that it?

Mr. McClelland: No, sir. That distance is 2.51 miles.

Mr. Gutheim: You mean taking the difference between the mile posts?

Mr. McClelland: Certainly so.

Mr. Gutheim: Now, from Chickasawba you go over the Paragould Southeastern Railroad to Arbyrd—the Paragould Southeastern or Cotton Belt proper?

Mr. McClelland: Yes. sir.

Mr. Gutheim: You have a contract providing for your traffic rights, have you?

Mr. McClellan: Yes, sir.

Mr. Gutheim: Will you file a copy of that with the Interstate

Commerce Commission?

Mr. Coleman: We now tender the contract, as evidence, which is a joint contract with both lines, and may be introduced for both parties.

Examiner Boyle: By both lines, you mean the Paragould Southeastern Railroad and the Frisco system?

Mr. McClelland: Yes, sir; it is a tri-party agreement. Examiner Boyle: It will be received and filed.

The agreement so offered and identified, was received in evidence and thereupon marked "Defendants' Exhibit A-1,' received in evidence December 15th 1910, page 19, and is attached hereto.

Examiner Boyle: Then from Arbyrd, you go south from Leachville on the Frisco system?

Mr. McClellan: Yes, sir. 4064

Mr. Gutheim: That is covered by this same package contract?

Mr. McClellan: Yes, sir.

Mr Gutheim: The Frisco gets into Blytheville by an entirely different line does it not?

Mr. McClellan: It does, sir.

Mr. Gutheim: The manufactured product of the Glenco mill is delivered largely to the Frisco system at Leachville?

Mr. McClellan: No, sir.

Mr. Gutheim: It is all delivered at Blytheville?

Mr. McClellan: Yes, sir.

Mr. Gutheim: Where you have a two and one-half mile haul? Mr. McClellan: Yes, sir, on the business now for the Frisco. Mr. Gutheim: Where do you make deliveries to the Cotton Belt?

Mr. McClellan: At Chickasawba.

Mr. Gutheim: How much of a haul is it from the Glenco mill to Chickasawba?

Mr. McClellan: Approximately one and one-half miles-

4065 very close to it.

Mr. Gutheim: Now, you are familiar with this tri-party contract?

Mr. McClellan: Yes, sir.

Mr. Gutheim: Does that contract permit you to take any local business off of the Paragould Southeastern Railroad on the Blytheville, Leachville & Arkansas & Southern Railroad Company?

Mr. McClellan: Most assuredly not, sir.

Mr. Gutheim: It does not permit you to take any local business off the Frisco from Arbyrd and the Frisco?

Mr. McClellan: No, sir.

Mr. Gutheim: So, when you speak of business going over that line south of Blytheville, you refer entirely to what originates on your line south of Leachville?

Mr. McClelland: I do, sir.

Mr. Gutheim: That is your own line?

Mr. McClellan: It is, sir.

Mr. Gutheim: How much trackage do you own in and about Glenco; that is not used within the limits of your mill proper, or is not used to get the products of your mill to the Frisco system, or the Jonesborough, Lake City & Eastern?

4066 Mr. McClellan: The whole, sir? Mr. Gutheim: Well, primarily—

Mr. McClellan: Well, of course within the plant limits—

Mr. Gutheim: Particularly the part of the track used as plant facilities?

Mr. McClelland: Why, I should say offhand possibly five or six hundred feet.

Mr. Gutheim: How large a mill is it; what is the capacity; what is its capacity?

Mr. McClelland: It is a large mill with a capacity of sixty-five thousand, to seventy-five thousand feet per day.

Mr. Gutheim: And it has only about five or six hundred feet of track to serve it?

Mr. McClelland: I did not say so, sir.

Mr. Gutheim: You said that was the track used exclusively for mill service?

Mr. McClellan: It is not used exclusively for that service.

Mr. Gutheim: How much is used primarily for the mill in addition to the five hundred or six hundred feet so used exclusively?

Mr. McClellan: I should double it, sir. 4067

Mr. Gutheim: Blytheville, you stated, vas a town of about five thousand people?

Mr. McClellan: Yes, sir.

Mr. Gutheim: Do you have any connection with any other industries in Blytheville?

Mr. McClellan: No, sir.

Mr. Gutheim: Does the Frisco, under the package contract permit you to do any business in Blytheville?

Mr. McClellan: There is no such provision in the contract one

way or the other.

Mr. Gutheim: Do you, as a matter of fact, take any business out of Blytheville, that is not going to some local point on your line? Mr. McClellan: Up to the present time we have taken very little,

if any.

Mr. Gutheim: Now, does this trackage arrangement with the Paragould Southeastern Railroad and the Frisco system, permit you to haul anything but logs?

Mr. McClellan: Yes, sir.

Mr. Gutheim: But nothing except what is handled south of Leachville?

Mr. McClellan: It does not so provide, and I can state very quickly if the Examiner desires, just what that provision 4068

Mr. Gutheim: We can pass that; it is in the contract. Now, does the Cotton Belt R-ilroad get into your mill and load direct at Glenco?

Mr. McClellan: No, sir.

Mr. Gutheim: All of the tracks by which any other carrier can get into your mill at Glenco are owned by your own road?

Mr. McClellan: No. sir.

Mr. Gutheim: What other carrier gets in on its own tracks? Mr. McClellan: The Jonesborough, Lake City and Eastern Railroad.

Mr. Gutheim. Does it get any of the business?

Mr. McClellan: Yes, sir.

Mr. Gutheim: Even the other carriers in order to get that business, they all give the Jonesborough, Lake City & Eastern Railroad a division, as well as give you a division also?

Mr. McClelland: That is not so, sir.

Mr. Gutheim: How much business did you send out over the Jonesborough, Lake City & Eastern Railroad during last year? 4069 Mr. McClelland: The Chicago Mill & Lumber Company to whom I presume you refer-Mr. Gutheim: Yes.

Mr. McClelland: It shipped out approximately three hundred or four hundred cars over that road.

Mr. Gutheim: This Frisco line from Arbyrd down to Leachville—where does the Frisco line go from Leachville?

Mr. McClelland: Nowhere; it stops there.

Mr. Gutheim: Where do they go from Arbyrd?

Mr. McClelland: From Arbyrd, their line extends up into Missouri.

Mr. Gutheim: Over the joint track?

Mr. McClelland: I do not understand the question, Mr. Examiner.

Mr. Gutheim: Over the joint track, or does it go up here in this direction; there is no division on the map.

Mr. McClelland: Their line extends directly north.

Mr. Gutheim: It is projected on the map?

Mr. McClelland: Yes, sir-

Mr. Gutheim: This Chapman-Dewey Lumber Company, is a Kansas City concern?

Mr. McClelland: Yes, sir.

Mr. Gutheim: Is not part of their land cut over?

Mr. McClelland: Very little of it, sir.

4070 Mr. Gutheim: Are they not trying to dispose of their entire lands, because they don't want to cut any more timber out down there?

Mr. McClelland: No, sir.

Mr. Gutheim: Now, was this Paragould Southeastern Railroad ever owned by the Chicago, Mill & Lumber Company?

Mr. McClelland: No, sir, it used to be owned by a Mr. Hasty.
Mr. Gutheim: Was it not owned by a predecessor of the Chicago
Mill & Lumber Company?

Mr. McClelland: No, sir.

Mr. Gutheim: Was the line from Leachville south constructed by the Chicago Mill & Lumber Company originally?

Mr. McClelland: They had about five miles which has since

been re-built since we took over the track .

Mr. Gutheim: And at that time was the Frisco in that country between Arbyrd and Leachville?

Mr. McClelland: At that time, they were.

Mr. Gutheim: And from the very start the Chicago Mill & Lumber Company began logging over the Frisco system and the Paragould Southeastern system to Glenco?

Mr. McClelland: No. sir.

Mr. Gutheim: How did they get their logs to Glenco.

4071 Mr. McClelland: The logs moved previous to the construction of our road, the incorporation of it, via the Jonesborough, Lake City & Eastern Railroad.

Mr. Gutheim: But it was never owned by the Chicago Mill &

Lumber Company?

Mr. McClelland: No, sir.

Mr. Gutheim: And never controlled in any way by them?

Mr. McClelland: We loaned them fifty thousand dollars, and had very hard work getting it back.

Mr. Gutheim: Didn't you ever have any stock in that concern?

Mr. McClelland: We had one share.

Mr. Gutheim: At the present time, what is the total owned mileage of your company?

Mr. McClelland: Almost twenty-two miles. Mr. Gutheim: That is the owned mileage?

Mr. McClelland: Yes, sir.

Mr. Gutheim: And your outstanding stock is, \$157,700.00?

Mr. McClelland: Yes, sir.

Mr. Gutheim: And the amount that is due the Chicago Mill & Lumber Company in bonds, was \$150,000.00?

Mr. McClelland: I have said nothing of that kind, sir.

4072 Mr. Gutheim: What was it you said whereby there was \$126,000.00 used for right-of-way, and \$124,000.00 issued for equipment on the same?

Mr. McClelland: That is incorrect in toto; I never made such a

statement.

Mr. Gutheim: I have the figures which I put down.

Mr. McClelland: I can explain that if you will permit me.

Mr. Gutheim: All right.

Mr. McClelland: The capital stock was \$250,000.00, of which \$150,700.00 was paid in cash; we purchased the railroad company—purchased it from the Chicago Mill & Lumber Company for \$126,000.00—well, I was a little bit wrong, the company paid for the right-of-way, and the rails, track, and fastenings, \$127,360.09, for which a deed was issued by the Chicago Mill & Lumber Company.

In addition to that they paid the difference between that amount \$150,000.00 for the personal property consisting of locomotives.

water tanks, cars, and various other railroad equipment.

Mr. Gutheim: Then, what is the total outstanding indebtedness at the present time?

Mr. McClelland: To whom?

Mr. Gutheim: Of the company—of the railroad company.

Mr. McClelland: I could not give that, except in round figures. I presume we probably owe thirty thousand or forty thousand dollars.

Mr. Gutheim: Let us know the term of the indebtedness; is it

bonds?

Mr. McClelland: There is no bonds outstanding.

Mr. Gutheim: You said the outstanding stock is one hundred and fifty thousand dollars?

Mr. McClelland: I do not understand you; you say outstanding:

I don't get you.

Mr. Gutheim: What I mean by outstanding-

Mr. McClelland: That has been sold?

Mr. Gutheim: That is the question identically, the stock that is outstanding?

Mr. McClelland: That is one hundred and fifty thousand seven

hundred dollars, outstanding.

Mr. Gutheim: Am I correct in the figure of twenty-two miles of railroad which you own?

Mr. McClelland: Yes, sir.

Mr. Gutheim: What I am getting at now is just what you have

charged to the cost and construction on that twenty-two miles of road?

Mr. McClelland: I cannot give you that exactly, sir—I don't can give it to you, the total cost of new equipment and every appurtenance necessary for the operation of the road, \$252, 884.74.

Mr. Gutheim: Then, how was the difference between that figure

and the stock that was issued, financed?

Mr. McClelland: We have earned during the first year ending June 30, 1909, which was our first fiscal year according to the Interstate Commerce Commission's rule—our net earnings were \$13,-149.00 and covering the period for the year ending June 30th 1910, the net corporate earnings were \$18,961.00.

Mr. Gutheim: Now, let us get back to the other question. I want to find out how the difference between the \$252,000 expended for the cost of the road, equipment and capital stock outstanding

was financed?

Mr. McClelland: The money was borrowed from the bank.

Mr. Gutheim: That is what I want to know.

Mr. McClelland: You never asked the question before.

Mr. Gutheim: I beg your pardon; what bank was the money borrowed from?

Mr. McClelland: I could not give the name of the bank; it was a St. Louis bank where we keep out bank. I can, if necessary, furnish the name if it is desired.

4075 Mr. Gutheim: Do you know who was on the paper, besides the railroad?

Mr. McClelland: No, sir, I do not know who was on the paper.

Mr. Gutheim: Does not the Chicago Mill & Lumber Company figure on the paper in any way?

Mr. McClelland: Not to my knowledge; I am quite sure they

did not, sir.

Mr. Gutheim: To what extent are the officials of the Chicago Mill & Lumber Company, connected with the railroad company at the present time?

Mr. McClelland: As far as stockholders are concerned?

Mr. Gutheim: To what extent are the officials of the Chicago Mill & Lumber Company connected with the railroad as officials?

Mr. McClelland: Mr. Whitman, the vice-president of the Chicago Mill & Lumber Company is president of the railroad. Mr. A. C. Lange, the secretary of the railroad company is general superintendent of the Chicago Mill & Lumber Company; I think that is all of the officers that are officers of the other company.

Mr. Gutheim: I believe in your general statement you spoke of the community of interest referring to the Chicago

Mill & Lumber Company?
Mr. McClelland: Yes, sir.

Mr. Gutheim: You are expected to file a statement showing the extent of the stock holdings in the railroad by the Chicago Mill & Lumber Company?

Mr. McClelland: Yes, sir.

Mr. Gutheim: Well, that is as definitely as you can put to what extent is the interest of the Chicago Mill & Lumber Company in the Blytheville, Leachville, Arkansas & Southern Railroad Com-

pany!

Mr. McClelland: I could not advise you definitely sir, as to that—as to the identity of interest in both companies, as far as stock-holders are concerned, but we can and will furnish a statement showing the exact status of the stock holdings—each one of the stockholders in the railroad, as compared with the stockholders in the Chicago Mill & Lumber Company. We do not deny the community of interest in any of its features.

Mr. Gutheim: One point I want to be sure about. Does any other

mill company, as such own any — the stock?

4077 Mr. McClelland: No. sir.

Mr. Gutheim: Your track is all standard gauge is it not?

Mr. McClelland: Yes, sir.

Mr. Gutheim: You mentioned the weight of the rail. Is it ballasted with anything other than the ordinary ballast of that country?

Mr. McClelland: Sand.

Mr. Gutheim: I take it from your map that it is a pretty wet country; that you have a number of bridges?

Mr. McClelland: Yes, we have a number of bridges and trestles.
Mr. Gutheim: This proposed extension that you are building
down here seems to go into what is known as "the Sunk Lands"?
Is that being put down as a permanent railroad in The Sunk
Lands?

Mr. McClelland: The road does not go into the Sunk Lands. Mr. Gutheim: It goes over very nearly in that water section.

Mr. McClellan: It is just on the other side of the so-called Sunk Lands, to the west; a very thickly timbered country, as well as an agricultural country, way above water level.

Mr. Gutheim: Is your line being put down from Lepanto

south, upon a permanent basis?

Mr. McClellan: At Lepanto Junction?

Mr. Gutheim: Yes.

Mr. McClelland: Yes, sir.

Mr. Gutheim: You have no—that is, save the Chicago Mill & Lumber Company, you have no mill operation of any sort at Leachville?

Mr. McClelland: No, sir, absolutely none.
Mr. Gutheim: At Springfield or Clearwater?

Mr. McClelland: No, sir. Mr. Gutheim: At Orr? Mr. McClelland: No, sir.

Mr. Gutheim: At no other point down to Lepanto Junction?

Mr. McClelland: No, sir.

Mr. Gutheim: What kind of a country was that before you went

in there; was it settled?

Mr. McClelland: No, sir, the country as far fown on the line as you have gone, was not settled; there is a very large settlement

however-an old settlement called Clinton settlement along the St.

Francis River, which has been there for many years.

4079 Mr. Gutheim: That is down almost to Lepanto?

Mr. McClelland: Yes, sir.

Mr. Gutheim: Now, there are seven settlements between Leach-ville and Lepanto?

Mr. McClelland: Yes, sir.

Mr. Gutheim: And that was an unsettled country before the railroad went down there?

Mr. McClelland: Yes, sir.

Mr. Gutheim: What is the nature of those communities at the present time. What population is there at Clearwater?

Mr. McClelland: It is a very small hamlet of about thirty or

forty people.

Mr. Gutheim: Is it the remains of a logging community?

Mr. McClelland: A logging community was originally there, yes, sir.

Mr. Gutheim: How about Springfield?

Mr. McClelland: Just the same. Mr. Gutheim: How about Orr? Mr. McClelland: The same.

Mr. Gutheim: How about Walters?
Mr. McClelland: The same.

4080 Mr. Gutheim: How about Rockey? Mr. McClelland: The same.

Mr. Gutheim: How about Hancock?

Mr. McClelland: About one hundred people there.

Mr. Gutheim: Is that the remains of a logging community also?
Mr. McClelland: Why, a logging community was there, yes, sir.

Mr. Gutheim: And how about Weideman?

Mr. McClelland: The same.

Mr. Gutheim: Lapanto Junction is the present situation that you are logging at?

Mr. McClelland: No, sir.

Mr. Gutheim: What is the present situation at Lepanto Junction?

Mr. McClelland: That is the present situation of the Chaoman-Dewey Saw Mill; all of the employees of the saw mill live in and about there; there is also quite a large agricultural community which gets into Shaw.

Mr. Gutheim: There is not very much population along that line from Leachville to Lepanto Junction all told?

4081 Mr. McClelland: I should say not to exceed three to four thousand, sir.

Mr. Gutheim: Three or four thousand in the community there that are the remains of logging communities?

Mr. McClelland: I didn't say that,

Mr. Gutheim: I asked about the various communities; I spoke

along the country that you went through?

Mr. McClelland: I wish to strike out the answer because I misunderstood you. No, that is the general population, about as given to you.

Mr. Gutheim: Then there are no industries in those towns that

could produce any outbound traffic, except what is incidental to

such communities?

Mr. McClelland: Why, yes; the Standard Basket & Veneer Manufacturing Company of Cape Girardeau, Missouri, bring out timber along that line.

Mr. Gutheim: Is that manufactured along your line, or does it go

to Cape Girardeau?

Mr. McClelland: Absolutely the raw material is handled at Leachville, and shipped out as lumber.

Mr. Gutheim: Does the Chapman-Dewey Lumber Company's

product go out over your line?

Mr. McClelland: It does, sir.

Mr. Gutheim: You spoke I believe of a very large increase 4082 one hundred and thirty-one per cent in ten months, and one hundred and fifty seven per cent for the year?

Mr. McClelland: Yes.

Mr. Gutheim: In the last year's business from provisions hauled for the general public.

Mr. McClelland: Yes, sir.

Mr. Gutheim: On a tomage basis about how much would that make in the general public business?

Mr. McClelland: That would bring up the outside tonnage to

about 21,000,000 pounds.

Mr. Gutheim: To twenty-one million pounds?

Mr. McClelland: Yes: I think that would be about the increase: that increase of one hundred and fifty-seven per cent, as I presume it will be.

Mr. Gutheim: Our record to June 30, 1909 shows, that out of 5,607 carloads, four-tenths of one per cent was handled for the general public, and out of a total revenue of \$43,040.40, forty-two thousand four hundred and nine, ninety-six dollars was on traffic furnished by the Chicago Lumber Company.

Mr. McClelland: That is undoubtedly true sir, at that time. Mr. Gutheim: So that the difference has all come up in your estimation, out of the extension of the line from Leach-

4083 ville?

Mr. McClelland: And the location of the E. Sondheimer Lumber Company at Littleton, and the securing by our company of the tonnage of the Little Lumber Company.

Mr. Gutheim: Does the E. Sondheimer Lumber Company have

the Jonesborough Lake City & Eastern Railroad outlet?

Mr. McClelland: They do, sir.

Mr. Gutheim: How long has it been at Littleton?

Mr. McClelland: Why, they have purchased, and had also shipped in,—purchased a great deal of lumber; the Little Lumber Company manufactured it at Littleton; it has a yard there, and they make direct shipments to the mill from Littleton.

Mr. Gutheim: How long has it been at Littleton? That is, with

the Jonesborough Lake City & Eastern connection.

Mr. McClelland: I should say that their first location there was about the middle of July, or the first half of July, of this year.

Mr. Gutheim: But I understood you to say they had been there

for some time?

Mr. McClelland: The Little Lumber Company people have Mr. Gutheim: Does the Jonesborough Lake City & Eastern Railroad get any traffic whatever from the E. Sondheimer & Company?

Mr. McClelland: The E. Sondheimer Company is not a mill.

Mr. Gutheim: What is it?

Mr. McClelland: It buys principally from the Little Lumber Company, and also ships a little in there; he is not a mill, he is a distributor; I did not answer your question very well in my answer.

Mr. Gutheim: Very well, go ahead.

Mr. McClelland: The Santa Fe Railroad was unable to furnish cars, and that has been very frequent of late; and the Jonesborough Lake City & Eastern could not furnish cars so they could get the business over the roads; they can reach it the same as ourselves.

Mr. Gutheim: Now, are the card distances that are mentioned on this tariff providing for traffic rights on which the compensation is based, the actual distances or arbitrary distances, assumed for the

purposes of the contract?

Mr. McClelland: I don't think a survey was made, but they are the distances according to the mile post and time table: they are supposed to be accurate.

Mr. Gutheim: And part of the consideration for the use of the tracks by those two companies—did you make any arrangement as

to the division of the tonnage?

Mr. McClelland: The contract has a provision whereby we are to divide in so far as we can, the local tonnage which originates on our line destined to points on their lines, equally between the cotton belt—or the Paragould Southeastern, and the Frisco systems.

Mr. Goutheim: Now, you pay fifty cents per mile on your track-

age right, do you not?

Mr. McClelland: Yes, sir.

Mr. Gutheim: I suppose you carry some business for the general public and get a revenue on it; does that revenue stay in your treasury entirely, or part given for consideration of your trackage rights, to those two companies?

Mr. McClelland: We were forced to enter into a contract with them to give up ninety per cent of the tonnage which originates on

our line, and moves over their roads.

4086 Mr. Gutheim: You said ninety-five per cent of the ton-

Mr. McClelland: Ninety-five per cent of the gross revenue; pardon

Mr. Gutheim: When you take the E. Sondheimer Company's business out of Littleton, where do you deliver it to your connection?

Mr. McClelland: It depends on the way altogether how it is routed.

Mr. Gutheim: Do you take it to Leachville?

Mr. McClelland: No sir, we get— Mr. Gutheim: Where do you take it?

Mr. McClelland: If it is routed via the Frisco we handle it via

Blytheville, and if it is routed via the Cotton Belt-The Paragould Southeastern Railroad, we handle it to Chickasawba.

Mr. Gutheim: Just how much goes out by the Cotton Belt-is

there much?

Mr. McClelland: Why, it depends entirely on the market conditions and has been so for months.

Mr. Gutheim: Your revenue, as a matter of fact, the revenue which accrues, is on a switching service, on that business, is 4087 it not?

Mr. McClelland: No. sir.

Mr. Gutheim: If you have some business in Blytheville or Glenco that is going to Leachville or beyond, you take over that tonnage at the regular rate, how much revenue does your company get out of the rate; what percentage of the rate accrues to your company as revenue?

Mr. McClelland: On all freight which moves over the lines of the. parties to the package contract, we must give them ninety-five per

cent of the gross revenue.

Mr. Gutheim: So that, for the purpose of doing a little common carrier business, you are giving up ninety-five per cent of what you would ordinarily earn on ordinary or all other business on your line?

Mr. McClelland: Exactly so.

Mr. Gutheim: Does the Fris- system or the Paragoul- Southeastern Railroad perform any service over that line?

Mr. McClelland: Over our line?

Mr. Gutheim: No, over that joint track.

Mr. McClelland: They each involve a division of the service over it, and they are protecting their interests solely, when 4088 they insist upon that being made a part of the contract.

Mr. Gutheim: Well, that contract means you are prohibited from doing any business over there unless you want to do it for nothing. Mr. McClelland: No. sir; we have connections with the Frisco at

Mr. Gutheim: Well, the Frisco would not give you much business going to Leachville, if they can give it to you at Blytheville if it is

originating around there.

Mr. McClelland: You misunderstood me; if we get a carload of live stock, or cotton, or anything of that sort, we can haul and deliver to the Frisco at Leachville; the volume of tonnage from Blytheville and south is very small.

Mr. Gutheim: But what I am getting at is this: the Frisco does

not go south of Leachville?

Mr. McClelland: No. sir.

Mr. Gutheim: If you are going to take it to Blytheville and give it to the Frisco system at Leachville-are going to take it from Blytheville, Leachville, Chickasawba or from Arbyrd and

4089 Leachville, and there give it to the Frisco, the Frisco is going to have the pleasure pf hauling it back to Arbyrd in order to get it out?

Mr. McClelland: What tonnage are you referring to?

Mr. Gutheim: I refer to tonnage-you say given to your road at Leachville and comes from Glenco?

Mr. McClelland: I said that our arrangement was such that we could deliver it that way; you can see for yourself that it would be utter folly to perform any such service.

Mr. Gutheim: That is the reason I wanted to have it, to find out

what your company performs.

Mr. McClelland: The reason we have just an arrangement, and joint arrangement into Leachville, is to take care of the business which originates south of Leachville.

Mr. Swacker: Where is this Singer business going to originate,

south of Leachville?

Mr. McClelland: Yes, sir.

Mr. Swacker: Now, supposing some of that wanted to move on the Cotton Belt, would you have to give up ninety-five per cent of that too?

4090 Mr. McClelland: No, sir. Mr. Swacker: Why not?

Mr. McClelland: For the simple reason that that arrangement whereby we pay, it would all be billed through direct, and provides that on business originating on our line, destined to points on the other lines, that we shall receive our share; there is nothing in the contract which would in any way affect that.

Mr. Gutheim: Did you include in your general statement anything in reference to the number of men which you have out on

the road?

Mr. McClelland: I do not believe I did, sir.

Mr. Gutheim: About how many road crews do you have?

Mr. McClelland: I can tell exactly; I can tell you what we have.

Mr. Gutheim: All right.

Mr. McClelland: About twenty-seven section men; three crews, as I recall it.

Mr. Gutheim: Have you any station employees?

Mr. McClelland: Yes, sir.

Mr. Gutheim: Solely in your own service or joint?

Mr. McClelland: At Leachville we have a joint agency 4091 with the Frisco, and with the Jonesborough Lake City and Eastern; at Glenco we have our own agent.

Mr. Gutheim: Have you any other agency

Mr. McClelland: No, no other agency.

Mr. Gutheim: The Leachville depot is a joint building?

Mr. McClelland: Yes, sir.

Mr. Gutheim: How about Glenco; do you have an agent there?

Mr. McClelland: Yes, sir.

Mr. Gutheim: That is at the freight depot?

Mr. McClelland: No, sir, we have a freight platform there, and the agent's office is in the building occupied by the Chicago Mill & Lumber Company, but it is boarded off entirely free from the mill office.

Mr. Gutheim: Is there anything in the line of stations buildings

on the line between Leachville and Lepanto Junction.

Mr. McClelland: Nothing at all except platforms, and cinders and such.

Mr. Gutheim: And at Glenco is your employee, also an employee of the Chicago Mill & Lumber Company?

Mr. McClelland: I don't think so; I don't think he per-4092 forms any service for the Lumber Company; it is possible though that he does.

Mr. Gutheim: You don't know whether his compensation is received from the Lumber Company?

Mr. McClelland: He is presumed to work entirely for the railroad company.

Mr. Gutheim: In your statement, did you say anything with reference to the train service?

Mr. McClelland: Yes, sir, I covered that, I believe.

Mr. Gutheim: Logging for the Chicago Mill & Lumber Company is now being performed south of Lepanto Junction entirely, is it not?

Mr. McClelland: No, sir.

Mr. Gutheim: Is it along the line between Leachville and Lepanto Junction?

Mr. McClelland: As far as our railroad is concerned, yes, sir. Mr. Gutheim: Now, do you get logs in from other directions over

Mr. McClelland: Yes, sir.

Mr. Gutheim: How about the spur operations connected with the line of this road; is that attended to and conducted by the 4093 Chicago Mill & Lumber Company

Mr. McClelland: We have no logging spurs whatever.

Mr. Gutheim: You log direct from your main line?

Mr. McClelland: No, sir; if you will allow me I will explain.

Mr. Gutheim: Go ahead.

Mr. McClelland: Where there are no spurs—we run those spurs out into the roads; we run spur sidings, which we place along the right-of-way of the railroad.

Mr. Gutheim: They just run off every thousand feet or so?

Mr. McClelland: No, every mile or two on the right of way to different extent-the siding does not extend off the right of way, and the mill company perform their own services with logging teams and contractors hauling the timber in as to all other shippers on our line.

Mr. Gutheim: So it is merely an industrial side-track parallel with your main line to hold the business?

Mr. McCleland: That is the idea.
Mr. Gutheim: The actual logging operations are done on vehicles which do not run on rails?

Mr. McClelland: Yes, sir.

Mr. Gutheim: So that the Chicago Mill & Lumber Company as such, is not operating any railroad property in this

4094 vicinity?

Mr. McClelland: With this exception, the Chicago Mill & Lumber Company as well as any other shipper of forest products on our line, have the privilege and do lease from us from time to time a switch engine to handle the log loader which belongs to the Mill Company up and down the line, for which they pay a daily rental of fifteen dollars a day, which includes the engine crew etc. That is the only connection the Chicago Mill & Lumber Company has with the railroad.

Mr. Gutheim: The small operators of forest industries along the line, particularly in and about Glenco, do that to get in all their timber or raw material over the line of the Chicago Mill & Lumber Company?

Mr. McClelland: No, sir.

Mr. Gutheim: Do you handle any passenger service—was that in your statement?

Mr. McClelland: Yes, sir.

Mr. Gutheim: The United States mail also?

Mr. McClelland: No mail. Mr. Gutheim: Any express?

Mr. McClelland: Yes; will you allow me to make a little 4095 explanatory note?

Mr. Gutheim: Yes.

Mr. McClelland: The express business is handled on the basis of less than carload freight rates, and taken care of in the motor cars.

Mr. Gutheim: Have you an express contract? Mr. McClelland: No, sir, no express contract.

Mr. Gutheim: What is the division that you get in cents per one hundred pounds from your connections to whom you deliver fifty per cent of your traffic?

Mr. McClelland: Two cents per one hundred pounds.
Mr. Gutheim: That comes out of the junction point rate?

Mr. McClelland: Yes, sir.

Mr. Gutheim: How about the Chapman-Dewey Lumber Company's mill; what do they pay over and above the junction point rate?

Mr. McClelland: They pay the junction point rate at Leachville,

sir.

Mr. Gutheim: Out of them you get the same two cents?

Mr. McClelland: Yes, sir.

Mr. Gutheim: In the case of the Chapman-Dewey Lumber 4096 Company, you perform a haul of some fifteen miles?

Mr. McClelland: Twenty miles. Mr. Gutheim: Well, say twenty miles.

Mr. McClelland: Yes.

Mr. Gutheim: And you get the same two cents there that you get on the hauls from Glenco for the Chicago Mill & Lumber Company?

Mr. McClelland: Yes, sir.

Mr. Gutheim: What consideration or rate does the Chicago Mill & Lumber Company pay for the local lumber haul to the Glenco mill?

Mr. McClelland: That varies, sir; it is an interstate mileage tariff, which is used by all shippers on our line, and is graded from two cents upwards, according to the distance.

Mr. Gutheim: You mean all shippers of logs on your line?

Mr. McClelland: Yes, but it is a regular mileage tariff; classes and commodities are also provided for in the mileage tariff.

Mr. Gutheim: In your passenger business, do you handle it on regular tickets or on a cash fare basis?

4097 Mr. McClelland: We have only had passenger busi-

Mr. Gutheim: You spoke of that.

Mr. McClelland: —for a very short time; I believe everything is in order, and tickets are being issued to my knowledge.

Mr. Gutheim: Your line publishes regular local tariffs and files

them with the Commission?
Mr. McClelland: Yes, sir.

Mr. Gutheim: Do not the Chapman-Dewey Lumber Company run an industrial railroad, unincorporated, that serves Lepanto Junction plant?

Mr. McClelland: They are at Shaw's

Mr. Gutheim: That is their road shown in white on the map?

Mr. McClelland: They have no road whatever.

Mr. Gutheim: They did have a road?

Mr. McClelland: They never had a road, sir. The reason the road shows as it does, was that at that point we have all of our construction stuff located there on this siding, to take care of construction work; the Chapman-Dewey Lumber Company provide for their logging in the same manner as the Chicago Mill & Lumber Company does, by hauling two to three miles by team.

4098 Mr. Gutheim: Is your road being operated on a paying

basis?

Mr. McClelland: Yes, sir.

Mr. Gutheim: Have you paid any dividends at all?

Mr. McClelland: No, sir.

Mr. Gutheim: The surplus has been handled in what way?

Mr. McClelland: It has gone into betterments.

Mr. Gutheim: Used in the construction of this road south of Leachville.

Mr. McClelland: Yes, sir.

Mr. Gutheim: Now you said that you had borrowed more or less money from a bank for the construction of your road also. Where did you get the rail for your road south of Leachville; at least for part of it that was built most recently?

Mr. McClelland: We purchased it sir, in the market, from any

place we could.

Mr. Gutheim: It was relay rail?

Mr. McClelland: It was used rail, yes, sir.

Mr. Gutheim: Did it come from Cairo-Memphis South Railroad Transportation Company?

Mr. McClelland: No, sir.

4099 Mr. Swacker: You spoke of the Boynton Land & Lumber Company.

Mr. McClelland: Yes, sir.

Mr. Swacker: They have a private industrial road there, haven't they, not incorporated?

Mr. McClelland: They have a plant on our line, sir.

Mr. Swacker: They just bought on your line, is that the idea? Mr. McClelland: They own stumpage and timber on our line;

they have a plant as I understand it, at Paulding, Missouri; I know nothing about their operations.

Mr. Swacker: I suppose you know very little about the affairs of the Chicago Mill & Lumber Company also?

Mr. McClelland: Why, I know something of their affairs, yes. Mr. Coleman: You say there are no milling in transit privileges on your line?

Mr. McClelland: No. sir.

Mr. Coleman: Are there any milling in transit privileges on that part of the Jonesborough Lake City & Eastern Railroad which competes with yours?

Mr. McClelland: There are, certainly. 4100

Mr. Coleman: Can you name the points at which those

privileges are allowed by their tariff?

Mr. McClelland: Yes, sir, the privileges are allowed at all points providing the shipper wishes to take advantage of the milling in transit provision, and signs a contract guaranteeing that he will ship out-bound a certain percentage of the logs in-bound; that is covered by regular tariff. Certain percentages is prescribed.

Mr. Coleman: What is the western terminus of the Jonesborough

Lake City & Eastern Railroad?

Mr. McClelland: Jonesborough, Arkansas. Mr. Coleman: That is an old town, isn't it?

Mr. McClelland: Yes, sir.

Mr. Coleman: What connecting carriers connect with the Jonesborough, Lake City & Eastern Railroad at that point?

Mr. McClelland: The Frisco and Cotton Belt systems.

Mr. Coleman: What is the first station on the Jonesborough, Lake City & Eastern Railroad, east of Jonesborough?

Mr. McClelland: As I recall it, Nettleton.

Mr. Coleman: What connecting carriers are at Nettle-4101 ton?

Mr. McClellan: The St. Louis, Iron Mountain & Southern. Mr. Coleman: What is the eastern terminus of the Jonesborough. Lake City and Eastern Railway?

Mr. McClelland: On the Mississippi River, at Barfield, Arkansas.

Mr. Coleman: Do you know the length of that line?

Mr. McClelland: I think it is about sixty miles-sixty-two or three, something of that sort.

Mr. Coleman: I think it is eighty-five; I want you to be sure.

Mr. McClelland: That provides for the branch which runs from Dale to Osceola; I did not include that in my calculation.

Mr. Coleman: Has the Blytheville, Leachville & Arkansas Southern Railroad Company exercised the right of eminent domain?

Mr. McClelland: Yes, sir.

Mr. Coleman: By proceedings in court?

Mr. McClelland: Yes, sir.

Mr. Coleman: Will you identify the map which has been referred

to as a correct map drawn to scale, and file it as exhibit 2 in your testimony?

4102 Mr. McClelland: I do, sir.

The map so offered and identified was received in evidence and thereupon marked "Defendants' Exhibit No. 2", December 15th 1910, received in evidence, page 57, and is attached hereto.

Mr. Coleman: I would like to offer in evidence the deed from the Chicago Mill & Lumber Company to the Blytheville, Leachville & Arkansas Southern Railroad Company, and also the bill of sale, both of which have been referred to.

Examiner Boyle: Well, you may have the witness offer them.

Mr. McClelland: I have the originals here, and I will have copies
made as soon as I reach home, and send them to the Interstate Com-

merce Commission.

a depot there?

Mr. Coleman: I ask leave for the witness to prepare copies and file them.

Examiner Boyle: To be properly certified?

Mr. McClelland: Yes, sir.

Mr. Coleman: You have a joint depot at Leachville?

Mr. McClelland: Yes, sir.

Mr. Coleman: Was that depot constructed by the owners under an order from the Arkansas Railroad Commission?

Mr. McClelland: Yes, sir.
Mr. Coleman: They issued an order compelling you all to build

Mr. McClelland: Yes, sir.

Mr. Gutheim: That is the depot of the three lines there? Mr. McClelland: Yes, sir, the old depot burned down.

Mr. Coleman: I want to make it clear about the right-og-way of the original ten miles of track, which was afterwards taken up; is it not a fact that the contract provided that when that track was taken up, the right-of-way should revert to the Chicago Mill & Lumber Company, and in consideration of that they were to deed to the Blytheville, Leachville & Arkansas Southern Railroad Company an equivalent right on this land as finally extended?

Mr. McClelland: That is true.

Mr. Coleman: And that was afterwards done?

Mr. McClelland: Yes, sir.

Mr. Swacker: Was the timber all cut out on that line then?

4104 Mr. McClelland: I think it was, sir.

Mr. Coleman: You spoke of the Chicago Mill & Lumber Company owning one share of the Stock of the Jonesborough Lake City & Eastern Railroad?

Mr. McClelland: Yes, sir.

Mr. Coleman: Is it not a fact that the Chicago Mill & Lumber Company loaned the Jonesborough, Lake City & Eastern Railroad, fifty thousand dollars, at the time that they extended their line from Barfield, on the Mississippi?

Mr. McClelland: Yes, sir.

Mr. Coleman: And they gave as part security for that loan—the railroad company issued to the Chicago Mill & Lumber Company one share of stock so that the Lumber Company could have a member on the board of directors as security?

Mr. McClelland: That is true.

Mr. Gutheim: Do the officials of your company receive any exchange transportation—free transportation from connecting carriers?

Mr. McClelland: They certainly do, yes, sir.

Mr. Gutheim: And you issue free transportation to them in exchange?

4105 Mr. McClelland: Yes, sir.

Mr. Gutheim: What carriers favor you with such transportation?

Mr. McClelland: Practically all carriers in the country, sir.

Mr. Gutheim: What arrangements are there at Glenco providing for the interchange of cars; are settlements made on a per diem or

demurrage basis?

Mr. McCleland: Our interchange is all after Leachville, Jonesborough, and Blytheville,—but I will say for these points we have no interchange; at Glenco at the present time there is no arrange ment for it between our connections; we insisted upon being placed upon the per diem arrangement, and in the interval the charge are being packed up against us; I don't know just what adjustment will be made of them.

Mr. Gutheim: They are being packed up against you, you mean the charge is being made on a demurrage basis?

Mr. McClelland: At the present time, no, sir.

Mr. Gutheim: How long has that arrangement been going on?

4106 Mr. McClelland: I could not tell you offhand; some considerable time.

Mr. Gutheim: Since the operation of the railroad as a corporation?

Mr. McClelland: No, sir.

Mr. Gutheim: This contract provides that the party of the second part, which is the Blytheville, Leachville & Arkansas Southern Railroad, shall not transport any passengers on its trains, and that the agreement shall not transport any freight on its trains, except that which originates on its own rails, destined to points on its own rails: that absolutely prohibits you doing any business which originates here, unless it is going over here to the line south of Leachville.

Mr. McClelland: That is true sir; I never knew a trackage contract between traffic—trunk line carriers that have any other provision.

Mr. Swacker: Referring to the exchange of transportation, were any of the recipients of it—had any of them any duties connected with the Chicago Mill & Lumber Company?

Mr. McClelland: Yes, sir.

Mr. Swacker: They used them in the business of the Chicago Mill & Lumber Company?

Mr. McClelland: Not in selling business; they used it personally, generally; they make general use of the transportation.

Examiner Boyle: Does this Blytheville, Leachville & Arkansas Southern Railroad assess demurrage against the Chicago Mill & Lumber Company?

Mr. McClelland: They certainly do, yes, sir; against every shipper

on our line. That is provided by a tariff covering it.

Mr. Coleman: Is the Blytheville, Leachville & Arkansas Southern Railroad assessed by the State Railroad Board of Assessors as a railroad, or as private property?

Mr. McClelland: By the State Board of Railway Assessors.

Mr. Swacker: Is there any other contract in existence between the Chicago Mill & Lumber Company and the Blytheville, Leachville & Arkansas Southern Railroad Company, other than this bill of sale and the transfer of the old line?

Mr. McClelland: Absolutely none.

Whereupon, at the hour of 4:30 o'clock P. M. on the 15th day of December 1910, the hearing of the above entitled matter was closed.

4109 The Mississippi Valley Railway Company.

New Orleans, Louisiana, December 15th, 1910. 4 p. m.

Examiner Boyle: We will now take up the case of the Mississippi Valley Railway Company.

J. H. McFarland, was called as a witness, and being duly sworn, testified as follows:

Direct examination:

Mr. Gutheim: Where do you live?

Mr. McFarland: Caruthersville, Missouri. Mr. Gutheim: Your occupation is what?

Mr. McFarland: At the present time I am general manager of the Tyler Land & Timber Company,

Mr. Gutheim: Have you any official connection with the Mississippi Valley Railway Company?

Mr. McFarland: I am manager of the road.

Mr. Gutheim: Have you a map of your line that will show us the general geographical location?

Mr. McFarland: Yes. sir.

Mr. Gutheim: Will you offer it in evidence?

Mr. McFarland: Yes, sir, here it is.

4110 The map so offered and identified, was received in evidence, and thereupon marked "Defendant's Exhibit No. 1".

received in evidence, December 15th 1910, and is attached hereto.

Mr. Gutheim: Will you indicate on this map the location of your road?

Mr. McFarland: This is it here.

(Witness indicates on the map.)

Mr. Gutheim: It runs from Tyler on the Mississippi river in a general westerly direction through junction, Cooter, Steele, where it has a connection with the Frisco, and thence through Denton to a termius called Dolphin.

Mr. McFarland: Yes, sir.

Mr. Gutheim: And the total mileage is, Mr. McFarland

Mr. McFarland: I think it is fifteen and forty-one hundredths

miles.

Mr. Gutheim: What is the nature of the territory that is served by this road? What are the industries that are located thereon, and furnish traffic for it?

Mr. McFarland: It is a farming country at the present time, and has a number of cotton gins at the industries, and one stave

mill.

4111 Mr. Gutheim: What industry furnishes the majority of

the tonnage that the road handles?

Mr. McFarland: No one industry furnishes a majority of the business. The independent business will amount to about two-thirds of the business of the road—independent outside business—outside of the Tyler Land & Timber Company, will amount to about two-thirds of the business along the road.

Mr. Gutheim: The Tyler Land & Timber Company, of which you

speak, is the concern which controls the railroad, is it not?

Mr. McFarland: Yes, sir.

Mr. Gutheim: Is that control exercised through stock ownership?

Mr. McFarland: Yes, sir.

Mr. Gutheim: Has the stock actually been issued?

Mr. McFarland: Not to my knowledge; my information is that it has not been issued.

Mr. Gutheim: So, there is no indebtedness represented by stock; is there any bonded indebtedness?

there any bonded indebtedi

Mr. McFarland: Yes, sir.

Mr. Gutheim: About how much in bonds is outstanding?

4112 Mr. McFarland: Ninety thousand dollars.

Mr. Zwiebold: The stock is supposed to have been issued, but the records of the former owners and stockholders have been mislaid. We are trying to locate them, but have been unable to do so, and we are arranging to issue the stock, in case we cannot locate the prior stock issue. We are trying to locate through a man named Tyler.

Mr. Gutheim: Do I understand that the books of the company

show no liability on account of a stock issue?

Mr. McFarland: Not so far as we can locate the record.

Mr. Zwiebold: That is it, Mr. McFarland.

Mr. McFarland: Well, there has not been any stock issued.

Mr. Zwiebold: There are no separate books of record of the railroad company, but separate items of account in the books of the Tyled Land & Timber Company, indicate the timber company's business, and the railroad company's business; that is the situation is it not, Mr. McFarland?

Mr. McFarland: Yes, sir: no separate books have been kept by the railroad company.

Mr. Gutheim: Do you know who holds the outstanding 4113 bonds of the company?

Mr. McFarland: William V. Colley of Liberty, Missouri.

Mr. Gutheim: Is there any other indebtedness at the present

Mr. McFarland: Yes, as of the Tyler Land & Timber Company's books, it furnished a part of the money for building that road; it will be thirty-seven thousand dollars.

Mr. Gutheim: So at the present time there is a debt of about one hundred and twenty-seven thousand dollars—an indebtedness which was used originally in the construction of the railroad.

Mr. McFarland: That is my information; yes, sir.

Mr. Gutheim: The railroad owned, is about how long?

Mr. McFarland: It is now about fifteen and forty-four one hun-

dredths miles long.

Mr. Gutheim: Was this railroad constructed about the time the Tyler Land & Timber Company began operating in this country?

Mr. McFarland: Yes, sir.

Mr. Gutheim: How was it constructed-

Mr. McFarland: Let me qualify that a little bit. 4114 railroad was built before the organization of the Tyler Land & Timber Co.

Mr. Gutheim: By the predecessor of the Tyler Land & Timber Company?

Mr. McFarland: Yes, sir.

Mr. Gutheim: And the predecessor of the Tyland Land & Timber Company was engaged in the same business as the Tyler Land & Timber Company?

Mr. McFarland: No. sir. they were engaged in the lumber busi-

Mr. Gutheim: What was the name of that company, do you

Mr. McFarland: Seller & Tyler; that was a brother of Walter Ty-

ler, and J. A. Seller; then J. A. Seller & Company.

Mr. Gutheim: When the property was owned by Seller & Tyler. and then by J. A. Seller & Company, was it a separately incorporated railroad?

Mr. McFarland: They built and incorporated the railroad company, just prior to selling the entire business out.

Mr. Gutheim: The land through which it runs is largely cut over?

Mr. McFarland: No; part is farm land; nearly all of it is cleared up at the west end, tha tis different land, cut over

Mr. Gutheim: Where is the mill of the Tyler Land & Timber Company?

Mr. McFarland: Here at Tyler.

Mr. Gutheim: On the river?

Mr. McFarland: It is not on the river; the levee runs along the

river there, about a quarter - from the river bank.

Mr. Gutheim: The railroad, so far as you know, was originally built as a part of the development of the timber industry by the original owners, and built with their money, and held by them and so used?

Mr. McFarland: Yes, I guess that is about correct.

Mr. Gutheim: How far do you go from Tyler along the road before you strike any timber which is now being cut for the purposes

of the Tyler Land & Timber Company?

Mr. McFarland: On the main line we would have to go to the end of the line; there is a spur that runs down here. (Witness indicates on map), where we have been getting logs and timber off the tract: we have no saw mill.

4116 Mr. Gutheim: Well, at the present time, are any officers of the Tyler Land & Timber Company officers also of the rail-

road company?

Mr. McFarland: Yes, sir. Mr. Gutheim: All of them?

Mr. McFarland: Yes, they are officers, but they don't hold just the same offices; we don't have them listed or named as the same officers.

Mr. Gutheim: But the same individuals?

Mr. McFarland: The same individuals, ves. sir.

Mr. Gutheim: These branches that you speak of that run off here from junction south to Arkansas, a little distance west, are they owned by the railroad company?

Mr. McFarland: Yes, that has been taken out.

Mr. Gutheim: This branch running to the south has been taken out?

Mr. McFarland: Down to about the state line; there is then another lumber line, that is about—another line on that run out, which runs into their timber, which was built to haul logs.

4117 Mr. Gutheim: Proceeding west from Tyler, is there any settlement at Junction?

Mr. McFarland: No, sir, there is a settlement there is a settlement at Forks, going over there on the train.

Mr. Gutheim: Is there any settlement at Cooter?
Mr. McFarland: Yes, there is a little settlement there.

Mr. Gutheim: Have you an agency at Cooter?

Mr. McFarland: Yes, we have a man there to deliver freight and take receipts?

Mr. Gutheim: Have you a station building? Mr. McFarland: We have a building at Cooter.

Mr. Gutheim: What is the situation at Steele; do you have an

agent at that point?

Mr. McFarland: At Steele, yes; we pay the Frisco to run over their track over to their depot, and have the services of their agent, and whatever services their agent renders us, we adjust the total with them. Mr. Gutheim: How much of the Frisco tracks do you use?

Mr. McFarland: Only a few steps.

Mr. Gutheim: Then at Denton is there a community 4118 there?

Mr. McFarland: Yes, two stores, and a man who takes receipts and delivers freight for us.

Mr. Gutheim: How about the situation at Dolphin?

Mr. McFarland: There is no settlement there.

Mr. Gutheim: About what population would you say is served by

your line, to which you render railroad service?

Mr. McFarland: Well, that would be a pretty broad statement to make: in this country—a farming country, I could hardly estimate what it amounts to.

Mr. Gutheim: Is it five thousand people?

Mr. McFarland: No, sir, there would not be that many. I should think two thousand would be pretty close to it.

Mr. Swacker: How much do you pay the Frisco at Steele for the

use of its tracks?

Mr. McFarland: Four hundred dollars per annum.

Mr. Gutheim: Your road is a standard gauge, is it not?

Mr. McFarland: Yes, sir.

Mr. Gutheim: What is the weight of rail?

Mr. McFarland: Sixty pounds.

Mr. Gutheim: Have you any bridges?

trestles Mr. McFarland: Four trestles — three and bridge.

4119 Mr. Gutheim: What equipment do you have?

Mr. McFarland: Two locomotives and about forty logging cars; flats, they call them.

Mr. Gutheim: Have you any passenger cars? Mr. McFarland: We have a combination car; one end is used for baggage and the other end for passengers.

Mr. Gutheim: Is this equipment all fixed up with safety appli-

ances as required by the Federal law?

Mr. McFarland: Well, I am not familiar with what is required

by the Federal law.

Mr. Gutheim: Well, logging equipment does not have to have air brakes, but are your locomotives taken care of, or equipped with safety appliances?

Mr. McFarland: The large one has the equipment that you speak of, I think, but I don't believe the smaller one has. We don't use the small one, except in cases of emergency.

Mr. Gutheim: Have you a telephone or telegraph line? Mr. McFarland: A telephone line has just been put in.

Mr. Gutheim: Is it used in dispatching trains?

Mr. McFarland: No, sir. Mr. Gutheim: About how many men have you employed 4120 in the railroad operations—for the use of the railroad altogether?

Mr. McFarland: The operating crew on the train, section men

and all?

Mr. Gutheim: Yes: train crews, section men, and all?

Mr. McFarland: About twenty-seven all the time, and then we use what we call the "log loading crew" part of the time; when not in use loading logs.

Mr. Gutheim: Are your general offices at Tyler?

Mr. McFarland: Yes, sir.

Mr. Gutheim: In the offices of the Tyler Land & Timber Company?

Mr. McFarland: Yes.

Mr. Gutheim: The general office work is performed by employees—for the joint account of both companies?

Mr. McFarland: Yes.

Mr. Gutheim: Who pays their compensation?

Mr. McFarland: The Tyler Land & Timber Company.

Mr. Gutheim: The Tyler Land & Timber Company simply charges on this account on its books, the railroad company with the fixed proportion due for their services?

Mr. McFarland: We have never undertaken to separate 4121 or determine what proportion the railroad ought to be lia-

ble for.

Mr. Gutheim: The railroad is not charged at all?

Mr. McFarland: Not with any salaries.

Mr. Gutheim: What train service do you have?

Mr. McFarland: The train runs out to Steele twice a day.

Mr. Gutheim: That is from Tyler?

Mr. McFarland: In fact it goes to Dolphin once a day, and then to Steele in the evening.

Mr. Gutheim: Does it run on regular schedule?

Mr. McFarland: Yes, sir.

Mr. Gutheim: Have you any published time tables?

Mr. McFarland: No, sir; we have published no time table; ofcourse sometimes there may be a little delay, but pretty nearly always on time.

Mr. Gutheim: Do you handle any mail?

Mr. McFarland: Yes.

Mr. Gutheim: To Steele and what points?

Mr. McFarland: To Cooter entirely. Mr. Gutheim: Nothing west of Steele?

Mr. McFarland: No, sir.

Mr. Gutheim: Have you any express business?

4122 Mr. McFarland: No, sir; the only express comes at Steele, and the agent gets it for our road, and the conductor will bring it out; that is the only express business.

Mr. Gutheim: About how much passenger service do you have?

Mr. McFarland: What it amounts to in dollars?

Mr. Gutheim: Yes, and the number of passengers say per month.

Mr. McFarland: Well, I would have to figure that out; it runs from three thousand to thirty-six hundred dollars per year; they average about twenty cents apiece, I suppose about sixteen thousand passengers or something like that per year.

Mr. Gutheim: At this point, Mr. Zwiebold, will you have the witness prepare the usual statement of tonnage and revenue, show-

ing the tonnage and revenue accruing on the business of the Tyler Land & Timber Company, and that accruing on business from the outside general public?

Mr. Zwiebold: Yes, sir.

Mr. Gutheim: You have through rates in connection with the

Frisco at Steele?

4123 Mr. McFarland: We have had until recently, and they cancelled out everything, except the rates on timber and timber products; that is really what I suppose it amounts to.

Mr. Gutheim: Does all of your product go out via the Frisco, or

do you ship some via the river?

Mr. McFarland: We don't exactly ship any by the river, but we bring in logs by the river; we have a contract, but we don't do any shipping that way.

Mr. Gutheim: Do you have a local freight tariff?

Mr. McFarland: We have never published any local freight tariff.

Mr. Gutheim: What charges do you make for the hauls locally

on your line?

Mr. McFarland: For merchandise and such stuff as that, we have to handle, we have always undertaken to charge about ten cents per one hundred pounds, and for what few carloads we have had, they have been paving less than five dollars from Steele: we have always charged five dollars per car on grain and cotton seed and cotton. from Cooter and Denton and one or two points. We have to haul these things—it is eight dollars from Cooter, and ten dollars from

4124 Mr. Gutheim: That covers practically all of the commod-

ities which you move, I suppose? Mr. McFarland: Yes, about all.

Mr. Gutheim: And the rates on staves that are put on a connection with the Frisco via Steele, what division does your line get?

Mr. McFarland: Two cents per one hundred pounds.

Mr. Gutheim: When you have rates on merchandise and classes and commodities, what did you get out of those rates?

Mr. McFarland: We got twenty-five per cent of whatever the

Frisco rate was; twenty-five per cent of their haul.

Mr. Gutheim: Is the two cent division on the stayes, a division

of the milling in transit business?

Mr. McFarland: I don't know that I understand that. Going entirely over the Frisco road, as I understand it; we had the same rate we do to Steele, and Carruthersville.

Mr. Zwiebold: The division you receive from the Frisco, does not include any payment for the hauling of the logs?

Mr. McFarland: Oh, no; no, sir. The Tyler Land & Timber Company simply pays the railroad company five dollars per car for blocks and logs.

Mr. Gutheim: Do you handle any ticket business or passenger

business on regular tickets, or on cash fares?

Mr. McFarland: On cash fares and some ticket business.

Mr. Gutheim: Do you have any way bills and bills of lading of your own?

Mr. McFarland: Yes, sir.

Mr. Gutheim: Do you bill staves through from Tyler to destination?

Mr. McFarland: Yes, sir.

Mr. Gutheim: And haul them locally to Steele? You bill them locally on Steele?

Mr. McFarland: No, entirely through to destination. Mr. Gutheim: Is the railroad a paying proposition? Mr. McFarland: No, sir; it has never paid expenses.

Mr. Gutheim: Who finances the deficit?

Mr. McFarland: The Tyler Land & Timber Company.

Mr. Gutheim: And that deficit is a part of the amount that stands on your books as due them?

Mr. McFarland: No, sir; no part of it.
4126 Mr. Gutheim: How is it handled then?

Mr. Ziebold: Do you charge it to profit and loss?

Mr. McFarland: The interest—we simply have the interest upon the bonds, and it is charged to that account; that interest account. The Tyler Land & Timber Company—it is charged off, and that is put on the books; these two items have not been carried separately; if they were the road would be away behind by reason of the fact that the Tyler Land & Timber Company simply pays the deficit; that is all there is to it.

Mr. Gutheim: Are you filing monthly and annual reports with

the Interstate Commerce Commission?

Mr. McFarland: No, sir.

Mr. Swacker: On this business—this spur extending down toward Arkansas; that is moved over to the river and forwarded by car from Tyler?

Mr. McFarland: No, sir; there has been no business over that

spur; that went to the river. That all went up to Steele.

Mr. Swacker: That all went up to Steele?

Mr. McFarland: Yes, sir.

Mr. Swacker: And then out via the Frisco?

Mr. McFarland: Yes, sir.

4127 Mr. Swacker: You say you have no published tariff?
Mr. McFarland: No; that was a local haul; it was a contract that Mr. Franklin made.

Mr. Swacker: That is an interstate haul?

Mr. McFarland: Yes, it would be; they do come out of Arkansas into Missouri.

Mr. Gutheim: That is, the spur from the plant runs through junction south?

Mr. McFarland: They own all in Arkansas. Mr. Gutheim: Do you operate it for them?

Mr. McFarland: Well, we take cars down and deliver them, and we pull back to Steele.

Mr. Gutheim: You take them down as far as the track goes?

Mr. McFarland: Yes, sir, down to the end of the track; to their imber

Mr. Gutheim: They do the operation on that basis?

Mr. McFarland: No, sir; we ship down on their track, and they

load the cars, and then we go down and hitch on and pull them back.

Mr. Gutheim: Do the officers of your company get any free transportation from connections?

Mr. McFarland: Two of them.

4128 Mr. Gutheim: Whose?

Mr. McFarland: Some from the Frisco, or something beyond the Frisco; we have had C. & D. I.
Mr. Gutheim: Who are the two officials that receive them?

Mr. McFarland: Mr. Franklin and myself.

Mr. Gutheim: What is Mr. Franklin's position with the Stave Company?

Mr. McFarland: Vice-President of the Stave Company, and he always calls himself president of the railroad company.

Mr. Zwiebold: Do you run passenger trains on Sunday?

Mr. McFarland: Yes, it is a mixed train that delivers freight, every day in the year.

Mr. Zwiebold: Including Sunday?

Mr. McFarland: Yes, sir.

Mr. Zwiebold: Among the outside industries on the line, is this about a correct list, W. A. Green, E. M. Mackey, the Cooter Supply Company, etc.?

Mr. McFarland: Those are about all of the industries with which the Tyler Land & Timber Company, or any of the stockholders of

the company have no interest.

Mr. Zwiebold: Yes.

Mr. McFarland: The Tyler Land & Timber Company has no interest, but one of the stockholders holds a little in the stores of the Cooter Supply Company there at Cooter; I don't know

how much, but he owns a small interest in it.

Mr. Zwiebold: The others are entirely independent?

Mr. McFarland: Yes, sir.

Examiner Boyle: They are competitors of your company?

Mr. McFarland: We have no interest in them in any way; I
don't know about their being competitors;

Examiner Boyle: They are in the stave and lumber business?

Mr. McFarland: No. sir.

Examiner Boyle: What are they?

Mr. McFarland: Cotton gins and stores.

Examiner Boyle: You said the traffic of the Tyler Land & Timber Company is about one-third of the traffic of your road?

Mr. McFarland: Yes, sir.

Examiner Boyle: The other two-thirds is represented by independent tonnage?

Mr. McFarland: Yes, sir.

4130 Mr. Swacker: That is not one-half of the output of the mill, but such as agricultural products; is that included in the one-half?

Mr. McFarland: They don't handle any agricultural products.

Mr. Swacker: Don't they own farms?

Mr. McFarland: There are some rented - farmers; they haul to

Cooter and Steele; we have never had anything to do with the product of that road; the ordinary hauls for the Tyler Land & Timber Company, logs to the mill, and staves, away from it occasionally, some lumber around to build a house perhaps.

Mr. Gutheim: You are not keeping separate books for the rail-

road company?

Mr. McFarland: No, sir.

Mr. Gutheim: Still you have a separate account on the Tyler Land & Timber Company's books?

Mr. McFarland: Yes, that is the way it is carried.

Mr. Gutheim: Does the country which your company runs over, hold out pretty good prospects for farming?

Mr. McFarland: In and adjacent to Tyler, it has just been put

into farms.

Mr. Zwiebold: You are now arranging to separate your accounts and keep proper book accounts and reports and statistics 4131 and data, as soon as you can understand their requirements?

Mr. McFarland: Yes, I am ready to do it if it is necessary. Examiner Boyle: You have not considered it necessary?

Mr. McFarland: I simply didn't know whether it was necessary

or not.

Mr. Zwiebold: Look at that blue print of your line which has been marked Exhibit No. 1, and which is marked "Mississippi Valley Railroad", and which represents a map of the Mississippi Valley Railway Company located in Missouri, and connecting with the Frisco Railroad at Steele, Missouri.

Mr. McFarland: Yes, sir.

Mr. Zwiebold: What is the name of your railroad?

Mr. McFarland: The name of our railroad is, The Mississippi Valley Railway Company; this legend on Exhibit 1, is an error.

Mr. McFarland: Relative to the logging from Hull, Arkansas to Steele, I want to say that logging has been completed entirely, and we will have no more of that.

4132 Mr. Zwiebold: You will have no more haul on that traffic?

Mr. McFarland: No. sir.

Mr. Zwiebold: Your company owns the right-of-way which was acquired by purchase or otherwise,—and part acquired by condemnation out to junction?

Mr. McFarland: Yes, sir.

Mr. Zwiebold: When you run home, you want to ascertain and furnish definitely the information which has been requested?

Mr. McFarland: Yes, sir.

Mr. Zwiebold: And furnish the information to be furnished to the Commission?

Mr. McFarland: Yes, sir.

Whereupon, at the hour of 4.30 O'clock P. M., on the 15th day of December 1910, the hearing of the above entitled matter was closed.

4133

The Black Bayou Railroad Company.

NEW ORLEANS, LOUISIANA, December 15, 1910,

4:30 Р. м.

Examiner Boyle: We will now take up the case of the Black Bayou Railroad Company.

W. H. WELCH, was called as a witness, and after being duly sworn, testified as follows:

Direct examination:

Mr. Gutheim: What is your name?

Mr. Welch: W. H. Welch.

Mr. Gutheim: Where do you reside? Mr. Welch: Myrtistown, Louisiana.

Mr. Gutheim: And your occupation is what?

Mr. Welch: I am the President and General Manager of the Southern Lumber Company, and the President and General Manager of the Black Bayou Railroad Company.

Mr. Gutheim: Have you a map of the Black Bayou Railroad

Company?

4134 Mr. Welch: I did not bring one with me; I can furnish one later, if you want it.

Mr. Gutheim: Will you do so?

Mr. Welch: Yes, sir.

Mr. Gutheim: Will you describe the general geographical loca-

tion of the Black Bayou Railroad Company?

Mr. Welch: Yes, sir; the Black Bayou Railroad begins at Myrtistown, Louisiana—the postoffice is called Myrtistown, but the town is called Myrtis, and runs in s southwesterly direction about seven miles, and we are building now—

Mr. Gutheim: Where is Myrtistown?

Mr. Welch: Myrtistown is half way between Texarkana and Shreveport; on the Kansas City Southern Railway—exactly half way; thirty-five miles to each place.

Mr. Gutheim: This line running from Myrtistown, seven miles

across—southwest into Texas?

Mr. Welch: Yes, sir.

Mr. Gutheim: How much of your line is in Texas?

Mr. Welch: About three miles.

Mr. Gutheim: What is the terminus in Texas?
Mr. Welch: Do you mean where we are headed to?

Mr. Gutheim: No, where you are building to.

Mr. Welch: Well, right out in the middle of the woods at the present time.

Mr. Gutheim: There is no locality or community there of any consequence?

Mr. Welch: No, sir, just in the woods.

Mr. Gutheim: What does the Black Bayou Railroad serve principally?

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Welch: Well, at the present time on account of the Black Railroad being a new road, the only commodity it hauls at esent time, is logs.

Gutheim: Logs for what company?

Welch: Logs for the Southern Lumber Company.

Gutheim: To what extent is the Southern Lumber Company sted, or the stockholders interested in the Black Bayou Rail-

company?

Welch: The Black Bayou Railroad Company is a separate ration organized under the laws of Texas as a common carrier; e reason that I ascertained as I ascertained when I took out the Charter, that you cannot get a charter in Texas, unless you agree to become a common carrier.

Mr. Gutheim: Did you take out a charter to become a on carrier, or did you take out a charter so as to qualify to

e divisions?

Welch: Well, I will answer that question by stating, that course built the road to have it make money, and the only ve could get anything-any earnings on the road, would be ch divisions.

Gutheim: Well, when was the road built?
Welch: Well, I want to make a little explanation as we go there.

ck Bayou Railroad was in existence for a number of years our road—called the Black Bayou Railroad. The parties who l it originally, sold out to another company, and this party

during the panic.

bought out the old railroad; we took up the old tracks; at any ve did along places, and built in the swamp, and we have rethe road, and are building it now, from Myrtistown in a westerly direction. We are building it in first-class shape. 't know of any other line of road that is built any better than this one.

Mr. Gutheim: When you say "we bought the old Black Bayou Railroad", do you refer to the Southern Lumber

any?

. Welch: The Southern Lumber Company bought the Black a Railroad and the other assets, including the Black Bayou per Company, which was very small, and amounted to pracnothing.

Gutheim: It was a chartered company?
Welch: We bought it for the rails and equipment. Then count of this old company being in trouble during the panic, charter was forfeited, and they got out a new charter-we got ew charter early in this year under which we are now oper-

have no connection whatever with the old Black Bayou oad Company, except that we use the steel and equipment they

. Gutheim: Well, it practically amounts to this then, that

you bought the steel and fastenings and ties of what was formerly called the Black Bayou Railroad Company?

Mr. Welch: We never used any of the ties, no, sir.

Mr. Gutheim: Who now owns the stock of the present Black

Bayou Railroad Company?

Mr. Welch: The stockholders of the Black Bayou Rail-4138 road Company. Mr. Gutheim: And they are the stockholders of the Southern

Lumber Company?

Mr. Welch: Practically, yes, sir.

Mr. Gutheim: Practically—to what extent are there any holdings in the Black Bayou Railroad Company not held by the stock-

holders of the Southern Lumber Company?

Mr. Welch: It is necessary, in order to conform to the laws of the State of Texas under which we are organized to have so many directors in the State of Texas, and consequently we have two or three small stockholders who are not stockholders in the Southern Lumber Company.

Mr. Gutheim: That is an arrangement, simply to properly qualify directors under the requirements of the State of Texas laws?

Mr. Welch: Yes, sir, practically speaking.

Mr. Gutheim: So that the stock ownership of the Black Bayou Railroad is really identical with that of the Southern Lumber Company?

Mr. Welch: Practically so, but not entirely so.

4139 Mr. Gutheim: Is the mill of the Southern Lumber Company situated at Myrtistown?

Mr. Welch: Yes, sir.

Mr. Gutheim: So that the property of the company—that owned

by the Black Bayou Lumber Company-

Mr. Welch: I could not say that the mill is at Myrtistown; we have built a new plant, you understand; I can say that it was owned by the Black Bayou Railroad and the Black Bayou Lumber Company.

Mr. Gutheim: Your building of the present railroad, was practically contemporaneous with the beginning of milling operations

by the Southern Lumber Company, at this time?

Mr. Welch: Yes, sir.

Mr. Gutheim: And has extended today—the construction of the present road is done by the Southern Lumber Company?

Mr. Welch: Yes, sir.

Mr. Gutheim: Was the completed road sold to the present rail-

road corporation in exchange for its securities?

Mr. Welch: The Southern Lumber Company built the railroad, furnished all of the money to build it-and the stockholders of the Black Bayou Railroad Company have stock in the same proportion that they have stock in the Southern Lumber Company.

Mr. Gutheim: Now, is there any indebtedness of the railroad,

outside of the stock?

Mr. Welch: Nothing except what they owe the Southern Lumber Company.

Mr. Gutheim: How much does that indebtedness amount to?
Mr. Welch: It amounts to a little over the amount of the capital stock.

Mr. Gutheim: And the capital stock issue, was what?

Mr. Welch: Fifty thousand dollars.

Mr. Gutheim: And there is an indebtedness of about fifty-five thousand dollars?

Mr. Welch: About a little over fifty thousand dollars; I don't think it is quite fifty-one thousand dollars altogether.

Mr. Gutheim: Then, as it stands, you have about one hundred

thousand dollars of indebtedness?

Mr. Welch: No, you misunderstand me. The stock amounts to fifty thousand dollars, while the railroad costs about fifty-one thousand dollars; not quite fifty-one thousand dollars.

Mr. Gutheim: What you mean then is, that the indebtedness of the railroad to the Southern Lumber Company, is the extent of that cost, over fifty thousand dollars?

Mr. Welch: Well, I haven't the exact figures right with me.

Mr. Gutheim: So that, the road and equipment cost on that basis, say a little over fifty thousand dollars?

Mr. Welch: Yes, sir.

Mr. Gutheim: And the present officers of the road are also the officials of the Southern Lumber Company?

Mr. Welch: Not entirely so, no, sir.

Mr. Gutheim: To what extent are they the same individuals?

Mr. Welch: I hold the same offices in both companies.

Mr. Gutheim: President and General Manager of both companies?

Mr. Welch: Yes, sir.

4142 Mr. Gutheim: What other railroad officers hold offices in

the Southern Lumber Company.

Mr. Welch: The second vice-president, and the assistant general freight agent of the railroad, is also secretary and treasurer of the Southern Lumber Company; that is the only other office I think held by them in both companies.

Mr. Gutheim: You said the railroad was seven miles long-

about three miles in the State of Texas; is it standard gauge?

Mr. Welch: Yes, sir.

Mr. Gutheim: What weight of rail is used?

Mr. Welch: The first two miles, thirty-five pound steel; all the balance, sixty pound steel rail, and we are going to take up the light steel, which as has been said, is about two miles, and re-place it with sixty pound steel.

Mr. Gutheim: You have no station buildings?

Mr. Welch: No, not yet; you understand we are simply going out where we have nothing but timber; we will have that as a department when we have business to justify it.

Mr. Gutheim: What equipment have you?

Mr. Welch: One locomotive and twenty-six logging cars; one steel car and two hand cars.

Mr. Gutheim: The steel car is used in the reconstruction of the so-called logging spurs?

Mr. Welch: Yes, sir.

Mr. Gutheim: Is that logging spur construction done by the rail-road company?

Mr. Welch: The spur construction is done by the railroad com-

pany, yes, sir.

Mr. Gutheim: Is there any payment by the Lumber Company for that service?

Mr. Welch: I want to explain to you that we have just practically started operations; I have all the figures, and I am going to make the proper charges and get all the figures on the books; I just simply have not put them on the books; we expect to make a charge and put it all down one day.

Mr. Gutheim: That logging spur work, is solely for the logging

by the Southern Lumber Company?

Mr. Welch: The log haul is included in the spur; that is what we call expense money.

Mr. Gutheim: That means including the construction of the

spur?

Mr. Welch: Yes, sir; these figures—I understand it is an arbitrary, just making the road show an earning; we may change that a trifle just one way or the other.

Mr. Gutheim: You have no telegraph or telephone service? Mr. Welch: No, not yet; no, sir. It is not necessary yet.

Mr. Gutheim: Is there any independent operation of the railroad, with an independent corps of employees, or is the work done by the Southern Lumber Company's employees?

Mr. Welch: Employees of the Lumber Company?

Mr. Gutheim: Yes.

Mr. Welch: Do you mean all of the work?

Mr. Gutheim: Yes.

Mr. Welch: All of the work is done by the railroad company's employees?

Mr. Gutheim: You have a regular corps of railroad men—train

men?

Mr. Welch: Yes, we have a section crew, and a construction crew, and then we have a train crew.

4145 Mr. Gutheim: What office facilities have you at Myrtistown?

Mr. Welch: The Southern Lumber Company have offices there.
Mr. Gutheim: Are the railroad employees at that point general employees of the railroad company and of the Lumber Company?

Mr. Welch: Practically—well, practically two of them.

Mr. Gutheim: Are they compensated by the Lumber Company

solely?

Mr. Welch: They have not done any work—what work has been done in the office has been done by myself: on account of we handled nothing but logs, it was very easy to keep track of it so far.

Mr. Gutheim: You are not in passenger service at all?

Mr. Welch: Not yet; we are not running any passenger trains at all.

Mr. Gutheim: How many log trains do you run daily, and about

how many cars in a train?

Mr. Welch: We run about four trains per day, and have been hauling about eight cars to the train, which we will increase very much in the future.

Mr. Gutheim: You handle no mail or express, I take it?

Mr. Welch: We have no place to go to; we haven't got that far along.

Mr. Gutheim: Such passengers as are carried, are carried free?

Mr. Welch: Well, we carry no passengers, except when they get

on of their own free will, you understand.

Mr. Gutheim: The entire tonnage at the present time, consists of logs going into Myrtistown, and general camp supplies, going from Myrtistown out, I take it?

Mr. Welch: Yes, sir.

Mr. Gutheim: And that is all for account of the Southern Lum-

ber Company?

Mr. Welch: Yes, that is—of course, like I explained to you, we expect a railroad company to get proper compensation for doing the work.

Mr. Gutheim: In this instance it will not be necessary to furnish a statement of tonnage and revenue.

Mr. Welch: Yes, sir.

Mr. Gutheim: Have you published a local tariff?

Mr. Welch: No, sir, we concur with the Kansas City Southern Railway in their tariff.

Mr. Gutheim: On lumber and forest products only?

Mr. Welch: Anything we haul.

4147 Mr. Gutheim: How is it on your classes and commodities; do you have any through rate in-bound to your logging camps?

Mr. Welch: In-bound where?

Mr. Gutheim: In-bound to your logging camps.

Mr. Welch: Not yet, no, sir; when we get ready to do business, of course we will make this little local tariff.

Mr. Gutheim: What division does the Kansas City Southern Railway allow you on shipment of lumber and forest products?

Mr. Welch: I have not their contract with me, but it ranges as I

recall it, from one cent to four cents.

Mr. Gutheim: Will you file with the Interstate Commission a copy, a copy of your contract with the Kansas City Southern Railway Company which provides for these divisions?

Mr. Welch: Yes, sir; where do you want this file sent?

Mr. Gutheim: Just address it to "Edward A. Mosely, Secretary Interstate Commerce Commission, Washington, District of Columbia. Mr. Gutheim: Does the Kansas City Southern Railway

48 take out the product of your mill direct, or is it handled by the Black Bayou Railroad Company's equipment?

Mr. Welch: I don't know as I quite understand that.

Mr. Gutheim: Does the Black Bayou Railroad Company's locomotives take your lumber from where it is loaded at the mill, to the Kansas City Southern Railway's interchange, direct, or, does the Kansas City Southern Railway, with its own power, go right to the Southern Lumber Company's mill?

Mr. Welch: The Kansas City Southern Railway Company goes

in and takes out the lumber itself.

Mr. Gutheim: So that the entire service that is performed by the Black Bayou Railroad Company is, the log haul to the mill.

Mr. Welch: At the present time, yes, sir.

Mr. Gutheim: The division therefore is, presumably on a milling in transit basis?

Mr. Welch: Yes, sir; we get a division of the freight rate on the milling and transit arrangement.

Examiner Boyle: Applying from where?

Mr. Welch: Where the logs originate on our road.

Mr. Gutheim: The railroad has not paid any dividends 4149 vet has it?

Mr. Welch: No, sir; it has not been in business long enough.

Mr. Gutheim: Do any of the general officers receive any salary from the railroad corporation?

Mr. Welch: No, sir; none have done any work but myself, and I have not felt like asking for any yet; I expect to do so soon.

Mr. Gutheim: Does the Kansas City Southern Railway furnish transportation?

Mr. Welch: Yes.

Mr. Gutheim: Does more than one individual of your company get such transportation?

Mr. Welch: Yes.

Mr. Gutheim: How many of them? Mr. Welch: I believe there is three. Mr. Gutheim: Yourself and two others?

Mr. Welch: Yes, sir.

Mr. Gutheim: Do you have any free transportation, other than transportation over the Kansas City Southern Railway?

Mr. Welch: I have not personally. I have not personally, and I don't know of the other officers if they have; I don't know.
 Mr. Gutheim: Are you keeping separate accounts for the

railroad corporation-that is, do you intend to?

Mr. Welch: I have statistics covering everything that we have done up to date—construction and handling these logs; I have them in shape for being put in the books—to make these entries, just like the Interstate Commerce Commission requires; but I will ask you now if I will have to ask you if I will have to write them the kind of accounts they want kept?

Mr. Gutheim: Well, if you will address the Secretary of the Commission, I will see that you are furnished with and kept supplied with all the publications of the Commission, on the matter of uni-

form classification of accounts.

Mr. Welch: All right, sir; I wish you would.

Mr. Swacker: You say that the old Black Bayou Railroad was taken up?

Mr. Welch: Yes, sir; we took it up ourselves.

4151 Mr. Swacker: Well, was the timber all cut out where it

Mr. Welch: All that went along; some of the timber out there—on account of all being such small stuff; it was not enough to justify fixing up the track; I would like to state the fact, our road is now going toward a country that has been largely settled up; it was an old country—we are going towards Jéfferson, one of the richest towns in Jefferson, and Jefferson gets all of this farming products, cotton, etc, that our road is going to traverse; There is an in-land town between Myrtistown and Jefferson, called Smithland, and I have been informed that Smithland handles about five thousan! bales of cotton per year that they have to haul in there by wagons to Jefferson, as well as haul the other farm products. I have been also informed by merchants of Smithland, that they do a large merchandise business with these little points of about one and a half million dollars per year.

Mr. Gutheim: Your line as now constructed, runs through the

timber country?

4152 Mr. Welch: We we have it built now?
Mr. Gutheim: How far is Jefferson?

Mr. Welch: From Myrtis to Jefferson is twenty-seven miles.

Mr. Gutheim: How far from your terminus in the woods, is it to Jefferson?

Mr. Welch: I think it is twenty-two miles—twenty miles.

Mr. Gutheim: And Smithland is between the present terminus of the railroad and Jefferson?

Mr. Welch: Yes.

Mr. Gutheim: Do you own any of the timber between the present terminus of the railroad and Jefferson?

Mr. Welch: We own the timber-

Mr. Gutheim: Has Jefferson any railroad facilities?

Mr. Smith: We own the timber within three miles of Jefferson; they have connections with the Texas & Pacific Railway, and the Missouri, Kansas & Texas Railway, and the Jefferson & Northeastern Railroad.

Mr. Gutheim: How far is Smithland from Jefferson? Mr. Welch: It is either fourteen or fifteen miles.

Mr. Gutheim: So that it is about five or six miles from 4153 your present end of track?

Mr. Welch: No, it is seven or eight miles from our present end of the track.

Mr. Gutheim: What time does your road begin operations? Mr. Welch: Do you mean when we got the charter out?

Mr. Gutheim: No, when you began operations.

Mr. Welch: Why, I should judge it was about March or April in this year.

Mr. Gutheim: 1910.

Mr. Welch: Yes, we began building it then, I believe, before we bought this old Black Bayou Railroad Company, we entered into a contract with the Kansas City Southern Railway. On account of

us building this railroad and doing business with them, they were to give us this division; a copy of this contract is what I am going to submit to the Interstate Commerce Commission.

Mr. Gutheim: That contract was entered into prior to the construction of your railroad, and on the strength of it, you engaged

in the construction of your railroad and in the operation of

4154 the saw mill?

Mr. Welch: Yes, sir.

Mr. Welch: I would like to tell you another thing about our road, and that is this: That we are in what is called "The Caddo Oil Field", and we have no doubt but what they will strike oil along our road in different places. Another thing I wish to tell you is, our road is headed in the direction of the Iron Ore Fields which lay on our line.

Whereupon, at the hour of 4:45 O'clock P. M. this day, December 15th 1910, the hearing of the above entitled matter was closed.

Final adjournment, of principal hearing, December 17, 6:30 p. m.,

without date.

Transcript p. 3195.

[End of Volume II.]

